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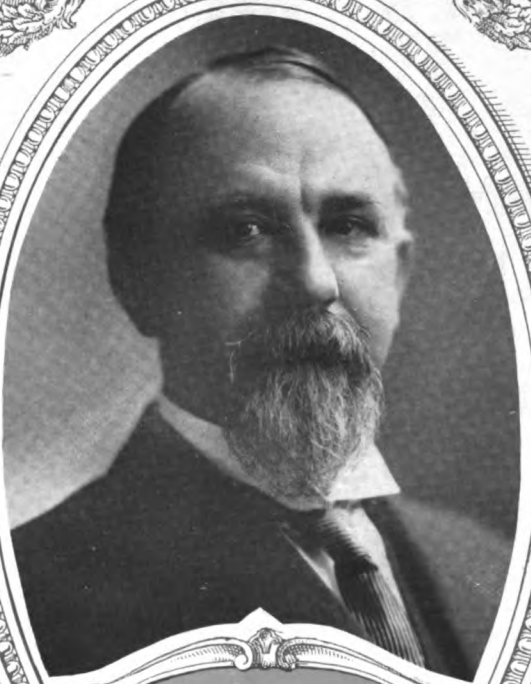
The Texas Bankers Record



DR. E. P. WILMOT
President Austin National Bank, Austin

Official Publication
TEXAS BANKERS ASSOCIATION

SEPTEMBER 1917

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An Invitation *to Texas Banks*

Do you appreciate a correspondent who sends you items on your point—and gets the items?

Do you appreciate a correspondent whose facilities are extensive and absolutely modern?

Do you appreciate a correspondent who knows the needs of a country bank because some of us have been country bankers?

Do you appreciate a correspondent who caters to those needs?

THEN—You are Invited

to join the ranks of our large list of customer banks and enjoy all of the above services.

Central Texas Exchange National Bank

Waco, Texas

W. H. McCULLOUGH, . . President
C. L. JOHNSON, . . Vice President
R. B. SPENCER, . . Vice President
R. B. DUPREE, ... Cashier
A. J. PETERSON, . . Assistant Cashier

Capital and Surplus,
. . $600,000.00

Resources, . $4,000,000.00

Forty-four years of continued growth and success under the same management.

K. M. VAN ZANDT, President
ELMO SLEDD, Vice Pres.

R. E. HARDING, Vice Pres.
E. B. VAN ZANDT, Vice Pres.

W. M. MASSIE, Cashier
R. W. FENDER, Asst. Cashier

R. C. GEE, Asst. Cashier
H. P. SANDIDGE, Asst. Cashier

The *increasing number* of banks for which we are acting as reserve and collection agent proves the value of our complete city bank service.

CAPITAL, SURPLUS AND PROFITS - - - $1,850,000.00

ESTABLISHED 1873

The Fort Worth National Bank

RESOURCES OVER $14,000,000.00

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THE TEXAS BANKERS RECORD

Official Publication of the Texas Bankers Association

Volume Seven DALLAS, TEXAS, JUNE 1918. *Number Ten*

Devoted to the Banking, Industrial and Commercial Interests of Texas

CONVENTION PROCEEDINGS

THIRTY-FOURTH ANNUAL CONVENTION, GAEVESTON, MAY 14, 15 and 16, 1918

FIRST DAY—TUESDAY, MAY 14, 1918.

President Smith called the convention to order at ten o'clock a. m., and the audience stood while Rabbi Henry Cohen, of Temple B'nai Israel, delivered the following invocation:

INVOCATION

By Rabbi Henry Cohen.

OUR GOD, King of the universe, we pray Thee to be with us now, as Thou hast been with us in the past, and so mayest Thou be with us in the future. Bless all that belongs to us, the dear ones that are not with us, and that are with us, and all those that we have in mind who merit Thy blessing and Thy protection. We ask Thee, O Lord, our God, particularly at this time to remember us and those that belong to us, and those whom we love, and those who love us.

We pray Thee, O Lord, for the cities in which we live, for the several places in which we dwell, and the inhabitants thereof. We ask Thee, O God, to pour Thy blessing down upon them and upon us. We know, O God, that Thou hast even the least of Thy creatures in Thy protection. And before this august body of men, the wielders of the brown and sinew of this country, those who come together to take up and settle the great questions of the day, we ask Thee, O Lord, to bless them, and to so strengthen their hearts that all their deeds may be meant for good. Supply us with Thine aid, with that which will tend to our credit in the years to come, and to the glory of the United States and to humanity. And in this crisis which we are now facing, these good men before us, standing in Thy presence, ask lies in them they are bent towards winning the most righteous war of all ages.

We ask Thee, O God, to uphold the hands of the President of the United States, and our financial representative and his assistants in this country, so the whole world may know, O Lord, that Thou wilt bless righteousness, and Thou wilt uphold justice, forever and ever. And further do we invoke Thy benediction for this, our country and our nation, and may their adversaries not triumph over them, but the glories of a righteous and God-fearing people increase from age to age.

Sustain with Thy power those whom the people have set in authority, the President of the United States, and his counselors and advisers, the lawgivers, judges and executives, and all those who are entrusted with our safety and with the guardianship of our rights and liberties. May peace and good will obtain among all the citizens of our land, may patriotism spread its blessings among us, and exalt our nation in righteousness, forever and ever. Amen.

W. W. WOODSON, of Waco,
Newly Elected President of the Texas Bankers Association.

THE PRESIDENT: Ladies and Gentlemen, the next number on our program is the address of welcome, by Mr. I. H. Kempner, Mayor of Galveston, President of the Galveston Cotton Exchange, and President of the Texas Bank and Trust Company, whom I now have the pleasure of presenting to you. (Applause.)

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Address of Welcome

By I. H. Kempner, Mayor of Galveston.

MR. PRESIDENT, Ladies, Fellow Members of the Texas Bankers Association: Addresses of welcome are purely ornamental and perfunctory as a rule. In my official capacity I have been called on in this ornamental capacity, more or less, but never have I approached the task with greater pleasure, with greater zeal, with more sincerity reflecting the sentiments of the people of Galveston and the banking fraternity, than when I address the members of this association. (Applause.) I know them to be men of

I. H. KEMPNER.

broad characters and genial spirits. I know that frequently under the harassment of petty details, competition and strife in their local communities, they may come away with a feeling somewhat of resentment and competitive spirit dominant in them; but if you will come to us in Galveston in the proper spirit, and drop all cares and strife,I am sure that you will find in this convention many a man most willing to play a Damon to your Pythias, a Jonathan to your David. You may, perhaps, if you are too ambitious, find someone to play a Brutus to your Caesar. And possibly, under the influence of our balmy air you will find some Jessica to listen to your ravings about the moon, but I warn you that high art may change to farce and melodrama, and leave you on the boards with the "Taming of the Shrew." (Applause.)

I belong to the old guard, so far as the Texas Bankers Association is concerned, to the guard that used to assemble before the war and fight many a battle, and in all American history the battle that was the greatest favorite for the discussion of some of the members of this convention was the great battle of Brandy Wine. That was, however, before the days that Bevo guarded the outposts to our cities and our military camps. (Applause and Laughter.) We ought to be familiar, I am sure, with some of the foreign generals, because some of us know General Clicquot and General Roedered among the French military authorities. We did not despise in those days such field marshals as General Budweiser and General Wertzburger, even in spite of their German extraction. The Scotch and the Canadians were represented, too, in General Haig and Johnnie Walker. (Applause.) And there were not lacking, if you please, good American Indian fighters and good Indians like Old Crow and Colonel Forrester. (Laughter.) Their origin may have been Bourbon but they were not so proud that they did not condescend to whistle a lively tune as they came through the Rye. The battles that they loved to fight were in the trenches where with one foot on the rail they could give their orders to the white aproned private to send one more round of ammunition "Over the Top." (Laughter and Applause.)

A banker, gentlemen, as we all know—especially the country banker—must be an extremely versatile specimen. He must be at once an excellent agrarian, or agronomist or agriculturist, and he must be skilled in legal lore, to discuss with his clients and his depositors the nature of their business. He must have a view of the commercial and economic and industrial outlook and his vision at times must almost be prophetic, as he is called upon to determine when cotton is going to reach the highest price and when wheat is going to the low point. But here, gentlemen, we hope that, dropping your cares behind you, you can turn your thoughts to other things, to the problems of transportation, to exports and imports, to commodities in general, though I warn you when, this afternoon or this evening, you parade the boulevard, do not let your thoughts turn to rubber, because I am afraid that the mermaids are still having their gaze upward and are not affected by any low visibility. (Applause.) In spite of the fact that you may be a high flyer, there will be no need to borrow any shock troops when you go along the boulevard in the bathing season, but I warn you it will be well, if you are married, to look out for snipers at the listening post. I speak from experience. (Laughter.)

Seriously, gentlemen, Galveston is ever pleased to welcome the Texas Bankers Association, and if it be not amiss, I wish to present once more at this time the thought that is frequently in our minds, that we should like to see you adopt Galveston as your permanent convention meeting place. (Applause.) The measure of hospitality is ever inspired by the genial courtesy of our guests, and if we are tested by that measure we shall hope indeed to make the fulfillment equal to the promises that some of us have held out to you. Galveston, a city that I believe can claim the right to be a city that does things, appeals in this crisis of our world's affairs to the patriotic, broad-minded spirit of the bankers who are here. In your community, gentlemen, whether you are willing to admit it or not, you are ever leaders to whom the others in a measure look up. Your actions frequently determine the course that others follow, and the gauge by which the standard of your community is measured. I hope, and I know, in fact, that I need not appeal to the Texas bankers to ever keep alive that bright spark of chivalry which blazed among the ruins of the Alamo and plucked from the diadem of the Montezumas its proudest star, the Lone Star, and hung it high in the firmament of nations. (Applause.)

And now, at this period of the world's affairs, when every state in this union is forced into this great struggle to set right triumphant over might, to see that brute force does not dominate world affairs, and tear up treaties and sink ships and ravish helpless women and children, I am sure that I can appeal to you in the firm conviction that you are imbued with a spirit that a war of this sort cannot be won without real self-negation, self-sacrifice, something to measure with the suffering that goes on on the other side, if we are to rightfully take our place in the council of nations. (Applause.) A peaceful people, forced against our will into war, we are pledged now to do our part. I hope that we shall not be found so lacking in patriotism, that we shall not be willing to open wide our purse to help alleviate the suffering and to help bind up the wounds, and to help stimulate the morale of those who are on the field of France, and who are opening their veins that through all the ages their blood might write the story that liberty is safe, and that brute force must yield. (Applause.) In the days to come some great historian will paint a great picture of this world's crisis. That picture will be unveiled in all its glorious

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panorama before all the heirs of today, before our progeny and those who come after them. See to it, I beg of you, that when it is unveiled before the eyes of an admiring and an impartial world, we can at least claim some credit for some part in this noble work; that we may at least feel that we have contributed in no small degree to bringing about a peace that is permanent, a peace founded upon righteous indignation, upon effective cooperation, and that finally we shall be able to derive that greatest of all comforts, the knowledge of duty well done, when the final sentry from the ramparts leaves, and the message goes out to the world: "God is in his heaven, all is right in the world." I thank you. (Applause.)

THE PRESIDENT: It is possible and not improbable that the old guard mentioned by Mayor Kempner in his address of welcome are missing somewhat those distinguished French and British and American officers whom he has mentioned here, but I want to say that all that is forgotten in the warmth of the welcome and the generous hospitality which we find here in Galveston. (Applause.)

Next on our program is the Response to the Address of Welcome by H. D. Ardrey, Cashier of the First State Bank of Dallas, whom I now have the pleasure of presenting to you. (Applause.)

Response to Address of Welcome

By H. D. Ardrey, Cashier First State Bank, Dallas.

MR. PRESIDENT, Ladies and Gentlemen, fellow-members of the Texas Bankers Association: It seems to be my misfortune in life to have my friends throw me down at a critical period. When I first learned that Mr. Kempner was going to deliver the Address of Welcome on this occasion, I immediately wrote him a letter and asked him to please furnish me with a manuscript of his speech. He replied promptly and told me that he was like the negro preacher, who never prepared his sermons in advance, for the reason that the devil would find out what he was going to say and be prepared to counteract it, and he always got up in his pulpit ready to preach without any preparation, and then neither the Lord nor the devil nor he himself had any idea what he was going to talk about. (Laughter.) I find myself in just some sort of situation like that this morning, but after having listened to this masterful address by Mr. Kempner I feel certain that you will have some doubt of his veracity in the future. (Laughter.)

I was one of those who was very glad indeed, when, out at El Paso last year, Galveston extended us a cordial invitation to make this splendid city our next meeting place, and I am sure I was not the only pilgrim out in that fine city who harkened to the sound of the voices of the beautiful bathing girls who extended Galveston's an invitation, and who felt like I did, that this was the finest place in all Texas for the association to meet.

When that most charming gentleman, whom you all know and love, our able and efficient Secretary, the Hon. Bill Philpott, came down to the bank and asked me to respond to this Address of Welcome, he took me away back in the Director's room and he said: "Ardrey, when you get down there to Galveston and begin to make a speech, for heaven's sake, make it brief." (Laughter.) He said: "It seems to me that the average banker gets the idea when he is put on a program on an occasion like this that his fame as an orator is spread broadcast over the land, and it is up to him to justify that fine reputation." He said, "It seems that they get the notion that the whole Texas Bankers Convention will be agog to hear the wonderful words of wisdom and the impassioned periods that would fall from their lips." I told Mr. Philpott that while I considered myself one of the finest orators since Henry Grady, that I was so busy trying to coax the wary depositor into the First State Bank up there at home, to open an account, that I could

HERBERT D. ARDREY.

not afford to do my best on an occasion like this (laughter); that I would have too many calls on my time in the future. That reminded me of a story told about a certain preacher who was asked to come to Yale University and preach to the students. When he arrived in New Haven he sought out the Dean of the Faculty and asked him how long he would be permitted to preach. The Dean's reply to him was: "There will be no time limit put on your sermon, but there is a tradition in Yale that the most souls are saved in the first twenty minutes." (Laughter.)

So I promises old Phil that I would keep my terminal facilities wide open.

We are glad indeed, Mr. Kempner, to be the guests of this splendid city. The cordiality of your invitation tendered by the bewitching bathing girls, is only exceeded by the cordiality of the welcome that we received on our arrival here. We are glad to be here. We like to feel the cool breezes of the Gulf fan our cheeks. We are delighted with the prospect of dipping once more into the surf and of riding those breakers back to the beach. We expect to regale ourselves with the peerless pompano and the toothsome trout and if the broiled live lobster is in season we expect to see something of him down here.

Galveston and its citizens need no enconiums from me. All over the length and breadth of this great state, in fact all over the south, Galveston is famed for her pretty women, her splendid men, and her hospitality, and the courtesy and consideration that they show the stranger within the gate are well known, and are an inspiration to us all. The men of Galveston are men of achievement, men who have built and maintained this splendid city at the vanguard of our Texas towns. Every true American citizen in this great hour of the world's history has for his uppermost thought, his whispered prayer, the winning of this war. We have just passed through a strenuous period in putting over the third liberty loan. Doubtless some of you bankers out there lost sleep. Every city in the state responded to the call but no city amongst us outrivaled that splendid showing made by Galveston, the first city of the State to go "over the top," the first city to oversubscribe its quota of the third liberty loan. (Applause.) We take off our hats to Galveston. May she continue to thrive and prosper. May her growth be steady and constant. May good fortune

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ever be her handmaiden and may she continue to occupy a leading place in all the business, social and political activities of the state. And may the hearts of her people continue to throb and burn with that love of country and that love of her fellowmen that she has so royally and so recently displayed. (Applause.)

THE PRESIDENT: Next in order is an address by your President. You may make yourselves perfectly comfortable in your seats. I will endeavor to inflict as little pain as possible. A couple of friends met on the street one day, and one of them said to the other: "I have a hypothetical question that I want to propound to you." The other fellow said: "Well, wait a minute, Bill, give me a hypodermic first." I hope we will not be compelled to resort to such extreme measures. (Laughter.)

PRESIDENT'S ANNUAL ADDRESS

By HOWELL E SMITH, CASHIER FIRST NATIONAL BANK, McKINNEY

IN this, the thirty-fourth annual convention of the Texas Bankers' Association, I am pleased on behalf of its officers and executive committee to extend to our visiting friends a hearty welcome; to the ladies, our thankful appreciation of their presence and to all present the earnest wish that the three days of this convention may bring to you much of interest and enjoyment and leave you nothing but pleasant memories.

One year, one month and eight days ago this country declared war against Germany and her allies. Since that memorable date two-thirds of the human race has been engaged in the most gigantic struggle the world has ever known. More than thirty-eight million men are engaged in this war—millions of men have been killed and more than one hundred billion dollars have been spent. These figures are so enormous that the human mind can not grasp their true significance, yet through the press and in daily conversation the public has become so familiar with these figures that they are juggled about and spoken of with the same careless nonchalance that we speak of the ordinary affairs of life. However, enormous the cost of this war, the money and credit for carrying it on, must and will be forthcoming.

As someone has so forcefully expressed it: "Our boys over there who have given up everything—mothers, wives, children, sweethearts, homes, jobs—torn themselves up by the roots; gone into the trenches, swimming in mud and alive with rats." These boys, targets for all the instruments for the destruction of life that human ingenuity, modern science and Prussian develishness can devise, must have food to sustain them, the clothes to keep them warm, and the necessary arms and ammunition to protect them from the enemy, and assist them in transporting these Huns to a place where they will be closely and permanently in touch with his Satanic Majesty. If this assistance is not forthcoming, when needed, history, which is now in the making may be read by American citizens under an alien government.

We have just recently completed the third liberty loan drive, and it is my belief that our work as bankers should not stop, even temporarily, because this drive is over. A campaign of education should be continuously carried on, and the people taught, among other things, that they have financial obligations outstanding due to the government from time to time, as war bonds are offered for sale, and that they should arrange to meet these obligations, just as an honest man saves and plans to meet a note which he has given when it matures. This is a duty every loyal American citizen—not in active military service—owes his government, and the man who seeks to avoid this obligation is a disgrace to his country, his family and himself. The time is now here when the financial slacker—the man who stays at home and refuses to let his dollars fight for him—is looked upon with much less charity than the boy in khaki who develops a yellow streak and displays cowardice—if such a thing were possible—when under the fire of the enemy.

A Review of the Year's Work.

The first official act of your president, in conformity with a resolution adopted by the convention at El Paso, was to appoint a strong committee from each of the seven district groups to co-operate with the central committee of citizens at large, in this state, appointed by Judge Wm. F. Ramsey, federal reserve agent, in finding and creating a market for liberty bonds.

Very effective work was done by this committee. It afterwards developed, however, under the broad and comprehensive plan of campaign adopted by the Federal Reserve Bank, that not only was a special committee required in each district, but that the entire membership of the Texas Bankers' Association must also resolve itself into a committee of the whole, to actively and energetically co-operate with county chairmen, appointed by the Federal Reserve Bank, and the local committee appointed in each county by the county chairman. This was done, and I know it is a matter of great personal pride to every banker to have had the opportunity of giving this personal service in behalf of our government.

The total amount of certificates of indebtedness purchased by banks in the Eleventh federal reserve district from April 6, 1917, to May 1, 1918, is $165,580,000, $61,220,000 less than the total amount of liberty loan bonds sold during the same period.

Duties of the American Banker.

As I see it, there are three most important patriotic duties up to the bankers of this country to discharge.

First: To buy liberally and to the limit of banking resources of treasury certificates of indebtedness as they are offered from time to time. These certificates are an ideal short-time liquid investment, and while the rate is less than is obtainable in the purchase of good commercial paper, it is a much safer and certainly is a more patriotic investment. It is also well to remember that if these certificates are not fully subscribed to between bond issues, the financing of the war may become increasingly difficult to the government.

Second: All investments in speculative securities or long-time notes should be avoided, and banking assets maintained in a highly liquid condition, in order that all legitimate demands made for carrying on the essential business of the country may be fully and properly met. It is as much the duty of the banker to do this as it is to perform any other patriotic service necessary to the carrying on of the war. Agriculture, commerce and industry are very important elements in the business of war and should be maintained at as nearly normal levels as possible.

Third: It is probably that the government would prefer that the banker should not buy too heavily of liberty bonds—the purchase of which might overload his portfolio with long-time investments—but preference should be given to short-time liquid paper, such as treasury certificates of indebtedness. It does expect, however, great activity and energy on the part of the banker in selling these bonds to the public.

As stated in the Federal Reserve Bulletin for April: "General public co-operation will be necessary in order to enable the banks to successfully continue their service and to provide for the current needs of the public treasury, by relieving them of these certificates, from time to time, as new loans are offered and the funding of the cer-

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tificates is undertaken. This process will shift such bonds into private ownership and will restore to the banks their fluid assets, for use as a revolving fund in carrying to success further financing."

The bankers are, in reality, underwriting the government bond issues, and in so doing, are definitely enlisted in the task of carrying through the financial operations of the government.

State Banks and the Federal Reserve System.

At the present time 20 per cent of the capital of the Federal Reserve bank is furnished by state banks and trust companies, which have already joined the system. Since the special campaign started by the federal reserve board at Washington, to get state banks into the system, fifty-five applications have been received by the Federal Reserve Bank of this district. Fifteen state banks were members, prior to the beginning of this campaign, making a total present membership of seventy. It is interesting to know that at the present time, there are approximately 425 state banks, in the entire system. We have in this district 16 per cent of the total—a most excellent showing in view of the fact that there are twelve districts.

The department of insurance and banking should be highly commended for its attitude with reference to state banks joining the federal reserve system—it is admirable—and indicates a broad and comprehensive grasp of economic conditions.

Under the very capable management of Commissioner Austin the department has reached a high state of efficiency and he should have the active co-operation of the members of this association in maintaining and improving this service.

At such a grave and critical period as this, it is clearly the patriotic duty of every bank, eligible for membership, to help the government in the building up of its gold reserve and mobilizing all the finance resources of this country by at once becoming a member. Every dollar that can be raised in money and credit will be needed to win this war, and these dollars and credits must be so placed that they will be immediately available to meet all demands that may be made upon our government.

As a business proposition, state banks—especially under present conditions should find it very much to their interest to join the system. It is not good business to buy money from the retailer when you can go to the wholesaler and buy it for less.

Stamp Tax on Bank Checks.

Under date of June 8th a letter was addressed to member banks, calling attention to the provision written into the war tax bill, requiring all persons drawing checks and drafts to affix to each item a two-cent stamp, as a war tax, and requesting them to use their influence to defeat this provision. Almost without exception, this request received the hearty co-operation of the members and the influence thus brought to bear undoubtedly assisted in the defeat of this provision. Had this provision carried and a war tax been imposed on bank checks which the proposed law required the drawer of the check to pay, it would have resulted in a greatly restricted currency at a very inopportune time.

Thrift and Saving.

Last year this association adopted a resolution authorizing your president to devote the sum of one thousand dollars, or so much thereof as he might deem necessary, for the employment of a secretary and other clerical assistance for carrying on a thrift and savings campaign, in co-operation with the director of the university department of extension, providing the board of regents appropriated an approximately equal amount.

The intensive campaign put on by the government for the sale of thrift and war savings stamps made it very apparent that the thrift and savings campaign contemplated by this association, under the resolution adopted, as above stated, could be carried out much more effectively and patriotically by actively co-operating with the government in its great plan for teaching the people of this country thrift and economy through the sale of war savings stamps.

HOWELL E. SMITH.

District Meetings.

It was the pleasure of your president to attend the district meetings of this association, which, as usual, were held in February. Patriotism was the keynote of these meetings, which were well attended. Very interesting programs were presented and unusually strong speakers addressed us in each district. Many of the speeches made were on such subjects as "Liberty Loan," "War Savings," and "Red Cross."

Our district meetings have undoubtedly become a very important part of our association work, and are interesting and instructive to all our members, but especially so to many of the smaller bankers who do not always find it convenient to attend the state meetings. Many questions have been brought up for discussion which later have developed into subjects of great importance. I recall that some of the most important work done by this association has had its origin in district meetings.

Membership.

Membership has shown a very material gross increase the last year. Last year at the El Paso convention the number of members was 1,502. During the year new banks which have never been members of the association have enrolled to the number of fifty-three, which number is a gross increase. However, the next increase is forty-three because our membership has lost ten on account of consolidations and liquidations. The nonmembership list has dwindled down until it now numbers only half a hundred in the entire state. This as compared with the nonmember roll of over 400 two years ago.

Federal Reserve Bank Service Charge.

Under date of April 19th, member banks were advised that the Federal Reserve Bank had under consideration the advisability of suspending the present service charge of 6½ cents per item. Many bankers believe this charge never should have been made. The only excuse for making it was, then when the Federal Reserve Bank added the transit department, the earnings of the bank were comparatively small, and for this reason a charge was perhaps permissable at that time, but certainly not under present conditions, when the bank is on a satisfactory profit-making basis.

As you know, the maximum dividend allowed stock-

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holders is six per cent; after paying this dividend one-half the earnings of the bank are passed to surplus until the surplus equals forty per cent of the capital, and the remainder paid to the United States as a franchise tax. Therefore, it is plainly evident that this charge has become, in a sense, an unwarranted tax or expense on member banks, and that it should be absorbed in the overhead expense of the Federal Reserve Bank, and I believe that a resolution should be adopted expressing the sense of the association in regard to this charge.

JOHN Q. McADAMS, of Winters.
Newly Elected Treasurer of the Texas Bankers Association.

Cotton Bills of Exchange.

In the April "Record" your attention was directed to the form of cotton bills of exchange now being used, especially by country bankers, to finance the cotton crop. This subject is of such importance that I am taking the liberty of again directing your attention to it.

Some years ago the comptroller's office notified all national banks, particularly those in the cotton-growing sections of the South, that excessive loans or overdrafts would no longer be permitted, but that discount bills of exchange drawn against actual existing values would be permitted, in excess of the ten per cent limit, and since that time we have been "getting by" in a more or less unsatisfactory manner on this form of bill. Every banker in the cotton-growing section of this state knows that it is only by the use of this, or some other similar instrument, that it has been possible for the banks to finance the cotton crop—particularly so when cotton is high in price—without creating an excessive loan.

Technically, the bill of exchange or draft which has been and is still commonly used by the bankers in Texas in the handling of commodities—more especially cotton—is not a bill of exchange or trade acceptance, but is, when issued under proper restrictions, a safer and more desirable credit instrument than the bill of exchange or trade acceptance, as defined by the federal reserve board. A time or demand bill of exchange or draft, having attached to it a warehouse receipt or bill of lading, representing the actual value of the commodity, and accepted by the purchaser, should certainly be regarded with as much favor as a trade acceptance upon which, in lieu of the warehouse receipt, or bill of lading, the banker has for security only the financial responsibility of the drawer and acceptor of the draft. The responsibility of the acceptor is, of course, the same in either instance. The drawer of a domestic bill of exchange, to be accepted by the buyer, to which is attached warehouse receipts or other satisfactory documents, conveying title to the purchaser, should not be required to assume the contingent liability as drawer which ordinarily attaches to a trade acceptance.

It is of vital importance to the bankers of the cotton-growing sections of the South, that section 5200 of the national bank act be so amended as to permit national banks to make loans in excess of the 10 per cent limit, when secured by properly safeguarded warehouse receipts or other satisfactory documents, issued against commodities of a highly liquid nature, and that the federal reserve act be further amended, making time drafts drawn in payment of actual existing commodities, acceptable under the act, when accompanied by satisfactory documentary security—which should be accepted in lieu of the financial responsibility which ordinarily attaches to the drawer of a time bill of exchange for acceptance.

No cotton grower or factor who sells cotton cares to assume further financial responsibility in conection with the sale of his cotton, as drawer of a draft, after it has been accepted by the purchaser. What he wants and what the banker wants who handles the draft, is the money and not further contingent liability in connection with the transaction.

If the amendments suggested were made, banks could handle this business in a sane, sensible manner, and there would then be released for the use of bankers, a larger percentage of notes and bills that are now eligible for rediscount at the Federal Reserve Bank.

This matter is of great importance and no opportunity to bring about favorable legislation along the lines suggested should be overlooked by this association.

Bankers' Cotton Acceptance.

An important meeting of the National Association of Cotton Manufacturers was held in New York on May 4th, at which—as stated in the call—important and far-reaching changes in the present method of buying and paying for cotton were discussed.

The shippers opposed any plan other than a cash basis or the present system, not caring to assume the financial responsibility which would attach to them as drawers of the time bills of exchange for acceptance. The meeting finally adjourned with no action having been taken, other than the appointment of a committee composed of three bankers, three spinners and three shippers, who will meet in June to go into the matter further.

If the proposed plan should be adopted it would develop a broad market for bankers' domestic acceptances. One reason advanced for these changes was "to more evenly distribute the financial burden of carrying cotton." It would seem that the burden of making and carrying cotton is already resting heavily on the South, and it can not reasonably be excepted to assume additional burdens in this connection.

Bankers acceptances, covering shipments of cotton, have for some time been quite extensively used by spinners in the East, but the brokers through which this cotton was sold have been paying the sellers' demand drafts and substituting their own ninety-day drafts, which have been accepted by the banks, and in so doing, the brokers have assumed the contingent liability before mentioned, as drawers of the drafts. In other words, they have been the bumpers so far as financial responsibility is concerned, between the sellers and the banker. It is up to the shippers as to whether they care to assume this small added financial responsibility in connection with cotton sold to spinners in the East, and whether bankers consider this a desirable plan for financing the sale of cotton on which money has been advanced.

Under the plan proposed, when a cotton buyer in the South sells cotton to a spinner in the North or East, the spinner advises the seller that he has arranged with a certain bank to accept the sellers' ninety-day draft to cover the amount of cotton purchased by the spinner. This draft or bill of exchange when so accepted, becomes a bankers' acceptance, and the seller of the cotton must arrange, as he does now, in the sale of foreign bills of exchange—with an exchange broker to sell this bankers' acceptance, which he receives in payment of his cotton—at the current rate on the open market, or if convenient, sell it to the local bank which has paid for his cotton. Upon acceptance of the draft by the bank the cotton would at once be realized to the spinner for his use. In this transaction the seller of the cotton assumes a slight

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contingent liability as drawer of the draft that he does not assume under the present system.

Undoubtedly this is a matter of great importance to bankers and cotton shippers and should be thoroughly discussed by our members during the present convention.

Trade and bankers' acceptances are here to stay and in a short time will be occupying a dominant position in the portfolios of all banks. It is only a question of making certain minor changes which seem to be necessary to meet certain conditions of trade and banking.

The Cotton Situation.

I wish to call your very particular attention to the serious condition which may arise when cotton begins to move this fall, by reason of the lack of steamship tonnage to export our cotton, and to the urgent necessity for taking this matter up with a view of correcting conditions, which we now know—with reasonable certainty—will have to be met.

Practically no cotton has been exported from this country since the latter part of last December. There is at present, sixty-five or seventy million dollars tied up in cotton, in this district alone, which has been sold in Europe and is being held at various points awaiting cargo space for shipment. This cotton has not been shipped because the government has found it necessary to use every available ship for the transportation of soldiers and supplies to France. Freight allotments have been made from time to time by the British minister of shipping, but in almost every instance shipment has been delayed on these allotments. While cargo space for one hundred and five thousand bales has been allotted for May—it is not known with certainty that all this allotment will be available.

I believe it is the imperative duty of this convention to have a very strong and efficient committee appointed to investigate this matter thoroughly and to appropriate a liberal amount to cover necessary expenses. The government should be asked to co-operate and a conference of the State Bankers' Associations and cotton shippers of the cotton-growing states should be called, and the bankers who make a specialty of handling foreign bills of exchange, should be invited to attend this conference.

If it should develop, upon investigation, that ocean tonnage would not be available in sufficient amount to move a certain per cent of the coming cotton crop, arrangements should be made with the foreign cotton merchants who buy this cotton, to reimburse the shippers and bankers in this country by arranging to have warehouse receipts covering the cotton purchased, deposited by the seller with designated banks or trust companies and certificates issued by such banks or trust companies stating that warehouse receipts are held against certain shipments. Certificates so issued, could then be attached to bills of lading, and bills sold in the customary manner. When the cotton was shipped the warehouse receipts could then be surrendered and the ocean bill disposed of as instructed.

A Word in Conclusion.

In conclusion, I want to thank the officers, executive committee and members of this association for the uniform courtesy, loyal support and able co-operation and assistance given me during the past year. It has been very gratifying, and I assure you much appreciated.

To our very efficient secretary, Mr. Philpott, is due an especial word of thanks. He is a very ardent worker and his untiring efforts have contributed, in no small measure, to the upbuilding of this association. He is rendering you a most valuable service.

The past year has been the most tragic and eventful in the history of this country. In the language of President Wilson, "We have been preparing not only an army, but a nation for war."

Great work has been done not only in mobilizing, arming and equipping an army, but much greater work has been done in educating the one hundred million people of this country to a true realization of the meaning of war—that war is now the only business of this country—and in arousing latent patriotism and loyalty. The true significance of this war has been brought home to us—it is a ghastly fact—and patriotism and loyalty to country have been given such an impetus that it has now become an irresistible force in the great world struggle for democracy against autocracy.

Business acumen and the dollar mark, formerly the standard in this country by which a man's citizenship and success in life was somewhat erroneously measured,

J. J. DAVIS, of Galveston.
General Chairman of Host Bankers during 34th Annual Convention.

by many, have been greatly overshadowed by these mighty forces of patriotism and loyalty, and we are no longer much concerned as to whether a man is rich or poor—whether he is a Democrat or Republican. The big question in this country today is whether or not a man is a loyal American citizen, and is he willing to support this great government to the last ditch and with his last dollar, and if he will not do it, he is against this government, for the time has come when there is no half way ground upon which he can stand. He who is rich in dollars and poor in patriotism and loyalty, is poor indeed, and should not be permitted the privilege of American citizenship. (Applause.)

It is a great privilege to have lived long enough to see the people of this country thoroughly aroused to such a high sense of their duty as loyal citizens, and to see manifested everywhere such intense patriotism and devotion to country. There is only one privilege that should be esteemed higher—and I am sure every man here will join me in the sentiment—it is the privilege of dying for the principles for which we are now fighting, rather than submit to laws made for us in Berlin and enforced by German militarism. (Applause.)

Many here today are not fit for active military service—we can't fight over there, but we can make our dollars fight for us here, and by the use of these dollars so strengthen that line on the Western front in Europe where our allies and our boys are now fighting—with our men and our dollars, that our boys may fight their way through the German lines to Berlin and force those barbarous Huns to make obeisance to Old Glory, "The flag for which our heroes fought, for which they died, the symbol of all we are, of all we hope to be. The emblem of equal rights that means free hands, free lips, self-government, and the sovereignty of the individual."

That flag, which was given to the air in the revolutionist's darkest days. It represents the sufferings of the past, the glories yet to be, and like the banner of heaven, is the child of storm and sun. (Applause.)

Serious Fall Confronting Us.

THE PRESIDENT: I want to say incidentally, that in every panic that has ever occurred here—of course panics are not possible now—but in every panic that

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has ever occurred in this country, 1907 and 1914, I think every banker present will agree with me that it was not so much because the depositor wanted to get his money out of the bank, as it was that he wanted to sell his products to put it in the bank. In other words, the most serious phase of banking conditions in 1907 and 1914 was the fact that the farmer became panicky because he could not dispose of his cotton. He had no market for it, and he could not understand why it was that when he had financed his crop and raised it and offered it on the market there was no money to pay him for that cotton. And I want to tell you when next fall comes, if some preparations are not made in anticipation of the movement of our cotton crop at that time, it is not necessary for me to say to you as bankers that something very serious is going to happen. I believe that the only real business that we have before this convention at this time is a discussion of this proposition, in order that we may arrive at some plan by which we can begin active work at this time, with the purpose of hedging against possible future conditions this fall.

The next number on our program is an address, "The Federal Reserve System," by Charles S. Hamlin, of the Federal Reserve Board. I regret very much to announce to you that we are in receipt of a telegram from Mr. Hamlin stating that owing to reorganization of the Capitals Issue Committee at Washington, under the new law which was recently enacted, it will be impossible for him to be here. We are very sorry indeed, of course, to be disappointed in this matter. We had looked forward with great pleasure and anticipation to this address. We are disappointed, but I am sure unavoidably so, because I am sure Mr. Hamlin would otherwise have been pleased to have come. We have his assurance to that effect. Just at this point I am going to call upon a gentleman who is I think perhaps better qualified to talk to you about trade and banker's aceptances than almost anyone of us here in Texas. I am going to take the liberty of presenting to you just at this point Mr. Lynn P. Talley, Cashier of the Federal Reserve Bank at Dallas, who will talk to you. (Applause.)

Report on Cotton Conference

MR. LYNN TALLEY: Mr. President, Ladies and Gentlemen: It seems to me that your President is somewhat of a strategist. Through his friendship for me he wanted me to have a good crowd, and therefore he left my name off of the program. (Laughter.)

I shall endeavor to be as brief as possible and disturb your program arrangements as little as I can. Your President has requested me to make a report on the conference that was held at the Biltmore Hotel, in New York on May 4th, between the parties at interest, namely, the cotton spinners, especially from the New England Mills, the banking representatives from various parts of the country, and the southern cotton shipper, upon a method to be proposed by the cotton spinners to bring about a better handling of cotton shipped to New England mills. This conference was a part of the program of the National Cotton Manufacturers Association, in convention in New York at that time, and the morning of Saturday, May 4th, was given over to it. There was no well defined proposal expressed in the call which was issued to the organizations in the South representing the Southern bankers and the Southern shippers. Therefore, those representatives who were to attend this conference naturally appeared with an open mind, and at the same time a rather hazy comprehension of what the spinner intended. On Friday night before the conference was to be held the next morning there was a preliminary meeting held, with about thirty delegates present, in which meeting all interests were represented. The Chairman of this special committee from the National Cotton Manufacturers Association endeavored to state the object of this conference, but was so indefinite in his remarks that a great deal of discussion was necessary to bring out just what the spinner was driving out, and in that discussion, it being a working meeting and a small one, the utmost frankness was apparent. At the request of the Dallas Clearing House Association and the Dallas Cotton Exchange I accompanied Mr. E. O. Tenison, the accredited delegate from the Dallas Clearing House Association. Mr. C. L. Tarver, the President of the Dallas Cotton Exchange, was in New York at the time and was a delegate from that Exchange. Representatives from the Memphis Cotton Exchange, the New Orleans Cotton Exchange, the Memphis Bankers and Bankers from several other points in the South, were present, as well as representatives from the cotton mills in Carolina, and cotton factors and shippers pretty much throughout the cotton belt. After listening to a good deal of discussion at this preliminary meeting, it did not take me very long to become convinced that what the New England spinner really desired was a broadening of his credit facilities. The Chairman of the committee in attempting to state the object of the meeting said among other things, and used as an illustration, an incident that came up during the season. He said that he had a draft for 100 bales of cotton with bill of lading attached to arrive, and he asked his broker if he would not carry that 100 bales for him for just a few days. The broker said that he would be very glad indeed to do so, but that he was just unable to make arrangements to carry any more cotton. The representatives of the mill afterwards found out that the broker's bank was carrying that broker for $2,000,000.00 on cotton that had been shipped from Southern points to New England mills but had not arrived. In getting at the real trouble, and the consideration of an opportune time for the spinners to present this subject, it occurred to me that possibly the New England spinners—and when I speak of New England spinners I mean the domestic market, which includes the Canadian mills—having used 2,500,000 bales more cotton this season than formerly, and having an enormous demand for their manufactured products, by reason of the shelves of the country being bare, and the absence of ships to send exported cotton sold to the other side, felt that this was an opportune time to take up with the cotton shipper of the South a proposition to change the method of paying for cotton shipped to New England mills, in view of the fact that perhaps the Southern shipper would depend, and would be compelled to depend, upon that market more than he has in the past.

Propositions of Spinners.

One of their first propositions was that they would pay for cotton ten days after arrival. It is needless for me to dwell upon that point and tell you that they did not get very far with that proposition. When it was pointed out to them that it was impossible to draw a negotiable draft that could be handled by the shipper with his local bank or otherwise for cotton to be paid for ten days after arrival, and the mills had to have the cotton, they very gracefully receded from that position.

The second point that they presented was that they desired to see the cotton before they paid for it. The Southern shipper perhaps exhibited more information on the subject than the New England spinner thought that he possessed, because the representatives of the shippers with one accord said: "Why do you want to see this cotton before you pay for it?" Then the spinners began to tell them a good deal about some reclamations that they had had. One shipper got up and said: "The trouble is that your cotton brokers in New England are not brokers. They are merchants, and when they bid us for a list of cotton to be shipped to New England mills, we ship them what they bid for, but that is not what you get. In endeavoring to be merchants and to make their commission they also endeavor, as cotton merchants and not brokers, to make an extra profit out of the cotton that they sell." That part of the question was thrashed out pretty thoroughly and the spinner almost admitted that the shipper was correct. The thought was expressed to them, that if they wanted to see the cotton before they paid for it, they should buy it exactly like the Southern

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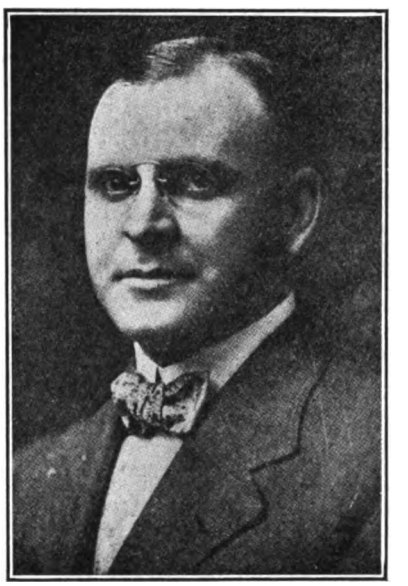
shipper buys his cotton. He does not pay for it before he sees it. If he buys 100 bales of cotton he sends his man down there to class it and work it, and the purchaser gives the owner of it a draft, and it is all settled.

The next proposition that they presented was one that meant nothing more or less than to buy cotton on a credit. When the shippers went into the conference they had a pretty well defined opposition to any change in method, but it afterwards developed that the shippers' opposition was not to a reasonable modification here and there in the method of shipping and receiving payments of cotton from the New England mills, but their opposition was to the establishment of a new trade custom, in which the power of purchase, the power of price fixing and the power of dictating reimbursement would lie solely in the hands of the New England spinner. In speaking of wanting to buy cotton on a credit every shipper there expressed himself as perfectly willing to ship cotton to any New England mill against a trade acceptance, if the mill could show a good and solvent credit. It was brought out very distinctly that there was no occasion for any radical change in the custom of paying for cotton shipped to New England mills; that after all it resolved itself into the same proposition as every other business transaction does, and that is the question of solvent credit. If a commodity is shipped against a trade acceptance, against a banker's acceptance, against a sight draft with bill of lading attached, the question is ultimate payment, the same as it is in any other transaction. The shippers were very frank to say that they would not object to shipping cotton against trade acceptance terms to any responsible mill in New England, whose trade acceptance would be readily discounted in the open market, or even at his own bank. They did not object to shipping cotton to New England mills providing a prime banker's acceptance was given in reimbursement. That is, the mill goes to the bank and opens what is known as an acceptance credit. The bank gives the spinner a commercial letter of credit, and under that commercial letter of credit either the shipper draws on the bank a sixty or ninety day draft for acceptance for the account of the spinner, or the spinner draws that draft himself with the documents attached, and after acceptance the bank hands the acceptance back to the agent of the shipper or agent of the mill, and that acceptance is sold on the open market, the proceeds of which are turned over to the shipper or owner of the bill. They did not object to that. They did not object to drawing drafts with bills of lading attached, with a more reasonable time than at sight, say ten days' sight or twelve days' sight, on the mill itself, but they did object to the mills endeavoring to dictate the credit that they would give to the cotton shipper, and compelling the cotton shipper to take any credit that they offered, whether that credit would be readily salable in the open market, whether it was a bank that was known in the open market, or whether it was a mill that was known absolutely to be good for its contracts.

Advantages of Acceptances.

It occurred to me, while no definite action was taken in either the preliminary conference or the meeting the next morning that a great deal of educational benefit was derived from the conference. The next morning, at the session of the convention which was given over to the discussion of this subject Governor Harding of the Federal Reserve Board made a very clear and able address on the subject of bankers or trade acceptances, as related to the cotton trade, both from the standpoint of the shipper, the purchaser, the country bank, the Southern bank, the New England spinner, and the larger banks that might grant these acceptance credits. As your President has told you in his report, the ultimate action was to appoint a committee of nine, consisting of three shippers, three bankers and three spinners, who were to meet at a later date and formulate some general proposition that would be acceptable in similar cases to those at interest.

Discussing the benefits of either trade or banker's acceptances, as related to our position here in the South in handling cotton, we must admit that whatever added facility we can obtain in financing cotton, especially under present conditions, should be readily taken advantage of. That is to say, as an illustration, we already have a condition where our last season's crop has not been liquidated. It is true that the crop has been sold to the New England spinner, or for export, but it is also true that we are still carrying in this part of the country at least $75,000,000.00 in cotton that has been sold, is in the hands of the exporters, and is being carried by the banks



LYNN P. TALLEY.

of this district for the exporter's account, primarily upon his responsibility and the cotton as collateral. We are having some little measure of result, in view of the London discount rate being below our open market rate in this country, under that part of the contract in purchasing cotton, where the importer on the other side has to pay the carrying charges after the exporter has carried it for sixty days, has become effective. At the present time most of the cotton that is being carried is being carried now at the expense of the importer on the other side. In view of the London discount rate being somewhat less than it is in this country, the importer has borrowed the funds, has had the collateral transferred on this side from the exporter's account to his own account, and has executed cable transfers, which in the past week or ten days has taken care of some ten million dollars worth of cotton, off hand, in this district. That, however, is not a condition upon which we can always depend. It is true that it was brought out at this conference that there are not bank acceptances in this country enough to finance the cotton crop. That was stated as an argument. I refuted that argument, by saying that there is not money enough in the country to pay off all bank deposits, either, but we can use the banker's acceptances in the financing of our cotton crop as an addition to our present facilities, and as a sort of revolving credit. We must take each of these facilities in order that we may have the same opportunity to go elsewhere in the country, where money is plentiful, and therefore rates correspondingly low, to draw those surplus funds from that part of the country, to ourselves, to finance our crop, and to finance our transactions, when our business is active and our credit facilities and funds become somewhat reduced. That can only be done through the medium of a credit that is well known, and that will sell in the open market, and that is the only way that we can develop an open market—that is, to create these credit instruments that are well known, and will sell. For instance, a shipper at the present time is given reimbursement by the Liverpool firm to whom he sells in the way of a sixty or a ninety day bank bill, on what is known as a prime bank. The shipper does not reimburse the local bank who is advancing him on his cotton by a direct sale of the cotton, but he does reimburse his local bank by a sale of the sixty or ninety day bill of exchange, which is drawn in reimbursement, and

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gives his local bank ordinarily a demand draft on a New York or a Chicago or St. Louis exchange buying bank, to whom he has sold these foreign bills. Exactly the same practice can be followed in the handling of domestic shipments, a sixty or ninety day bill can be given on a prime bank, with the shipping documents attached. The shipper can sell that bill in the open market, in the same manner he sells his foreign bills at the present time, and draw his demand draft, or a sixty or ninety day's banker's bill, unaccepted, mind you, with the documents attached on the buyer of that bill. Upon payment of the demand draft and receipt of the banker's unaccepted bill, the buyer of that bill presents it with the documents to the bank on which it is drawn, under the commercial letter of credit, on which it is issued. The bank accepts it, removes the document as its security to pay the bill at its maturity, and hands the bill back to the purchaser of it, who may retain it in his own portfolio, or he may resell it on the open market, if conditions justify, or he desires to liquidate a part of his investments.

Conditions in Texas.

We have a condition which has been touched upon by your chairman, confronting us with reference to next year's crop. I was born and raised in Texas, and there are two things that I do not discuss. One is the weather and the other is the price of cotton. We must admit, however, that all of our crop of last year is not shipped, and within ninety days we will have the active movement of a new crop, and we hope that it will be a big one. Unless we can finance ourselves, unless we can move that crop in such a manner as to get a liquidation, we are going simply to add to our burdens. I know of no better way for us to begin to think about at the present time than the medium of banker's acceptances, and in some cases, trade acceptances, where the credits are solvent. When I was on my last trip to the East I heard some remarks about "What is the matter with the South? Why aren't they taking the Liberty bonds?" The only reason I could give was that they had oversubscribed every quota that had been assigned to them. They said: "Well, I know, but they ought to take more of them." They look at our gross wealth. They say that we produced so much cotton, or produced so much cattle, or produced so much oats, or produced so much wheat, and they look at the gross value of the actual wealth, without stopping to consider that it costs us something to produce it, that it costs us something to live, and to buy the necessities that we are buying from the very people that are complaining at us. I want to tell you that this part of the country has never undergone as severe a test of its business ability, of its resources, than it is at the present time undergoing. The normal trade balance is against us. We only have one period of liquidation. The normal trade balance at this season of the year is against us. That means that we are paying the merchant, the manufacturer and the shipper from whom we have purchased and are purchasing manufacturer's products that are not produced in this part of the country. We are financing the normal seasonal production. On top of that we are carrying probably $75,000,000.00 of our last year's products. In addition to that, perhaps three-fifths of the area of this district has been drouth stricken and we are carrying that over. On top of that, as your President has told you, in 1917 we absorbed $165,000,000.00 in treasury certificates, and we have taken $195,000,000.00 worth of Liberty bonds. I leave it to any of our friends in the North if that is not as good a showing as any other part of the country has made. (Applause.)

THE PRESIDENT: Ladies and Gentlemen: I just want to announce that the program arrangement for this convention has been so made that the business sections will in no wise conflict with the social features or entertainments to be given by our Galveston friends. There will be only one meeting each day. That will be in the morning.

I am requested to announce the death of Walter Connally of Tyler, who dropped dead last night.

It was moved and unnaimously carried that a telegram of condolence be sent to Mrs. Connally, and the telegram sent in compliance with the motion reads as follows:

"Galveston, Texas, May 14, 1918.

"Mrs. Walter Connally,
"Tyler, Texas.

"Members of the Texas Bankers Association individually and collectively desire to express in sincerest fashion their feeling of sorrow at the news of the sudden death of your husband. Delegates in convention with bowed heads asked that words of condolence be expressed to you in their name. We wish there were words we could say to lighten your burden."

(Signed) Texas Bankers Association,
Per W. A. Philpott, Jr., Secy.

THE PRESIDENT: Next on our program is an address, "The Day of Destiny," and the gentleman who will deliver this address is one of the most distinguished lawyers in Texas, a member of the law firm of Baker, Botts, Parker and Garwood, of Houston. I now have the pleasure of presenting to you Hon. C. R. Wharton. (Applause.)

A DAY OF DESTINY

An Address by CLARENCE R. WHARTON, of Houston, Before the Galveston Convention

LADIES and Gentlemen: It is fitting and proper that bankers and financiers should assemble in Galveston and upon Galveston Island. Nearly one hundred years ago Galveston began that career of financiering that has made it famous the world around. An enterprising man by the name of Lafitte, began his operations here, far beyond the memory of any man now living. He was original in his ideas and bold in his designs. When bank deposits were low he hoisted the pirates flag and sailed out to the Spanish Main, and when the ships came home again, loaded with Spanish gold, the Galveston News would announce next morning that bank deposits in Galveston had doubled in a single day. His plan would be called in these days 100% efficient. (Laughter.)

Galveston is an historic place. It was on this island that the Government ad interim met the week following the battle of San Jacinto, and began to plan the career of the infant Republic. In the autumn of 1836 the first Congress of the Republic met in the old town of Columbia on the Brazos. I have been something of a student of Texas history, for, to be frank with you, my people came here along with Lafitte (laughter), and I find in reading the now musty archives of that first Congress that in November, 1836, a contest arose about the title to Galveston Island. There were conflicting titles, and the litigants and claimants brought their controversies before the Congress of the Republic. Mosely Baker appeared, representing Juan Seguin and Michael B. Menard, and offered their title for confirmation at the hands of the new Congress. While the matter was being discussed Dr. Branch T. Archer, one of the heroes of the early days,

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sometimes called "the grandest Roman of them all," a man who is said to have left Virginia because of some unpleasantness with a Virginia sheriff, arose and announced that Galveston Island belonged to his friend, Colonel William H. Wharton. Dr. Archer told them that Colonel Wharton owned Galveston Island, and he said that he saw Colonel Wharton acquire it from Colonel Pedreas, who had come here with General Teran just after the ascendancy of Iturbide. Dr. Archer offered the most splendid proofs, and just why Congress saw fit to reject Colonel Wharton's title to the island is yet a mystery to me. There is a tradition that I have from my father, and he heard it from him, that Colonel Wharton and Colonel Pedreas engaged in that splendid American game called poker, and that Colonel Pedreas owed Colonel Wharton two hundred dollars at the end of the game, and that in payment of that debt of honor this Castilian gentleman gave Colonel Wharton Galveston sland. In those days Mexican Generals went around with eleven league grants in their pockets, and every colonel carried a pocketful of islands for small change. But without further record Galveston Island seems to have passed out of my family forever. I have sometimes thought of resurrecting the Wharton claim and asserting that title, but I have not had the heart to take the island away from John Sealy and Ike Kempner and the Galveston Wharf Company. It has been with them so long that if I should now assert my family title I am sure that some of these Galveston lawyers would be mean enough to plead the statutes of limitation. But frankly, I would like to own this island, like Sancho Panza of blessed memory. Wouldn't it be grand to sit on the veranda of the Galvez, master from the beach to the strand and drink bone dry in soft breezes from Southern seas freighted with the perfumes of the tropics, and while beavies of beauty drift by to be wasted in yonder rolling surf.

Something About Galveston Island.

It was on this beach a quarter of a century ago that I first saw a woman in a bathing suit. When I came from the remote interior and looked upon that fair display of feminine loveliness, Mohammed's vision of heaven was but a trifling circumstance to what I saw on that May-day five and twenty years ago.

These blessed memories recur to us more and more when a man is forty and past.

But aside from pleasantries, my friends, I want to tell you something that I know about the people of Galveston and Galveston Island. For two decades I have lived their neighbor.

I have seen Galveston in sunshine and storm. I have seen it in darkness and gloom, and in prosperity and joy. And these people on this island, through prosperity and through adversity, through good days and bad days, have stood nobly for the best. They have met storm and stress with muscle and brain, with courage and heart. They have builded, they have worked, and they have become in our day part and parcel of a magnificent citizenship. I often think, when I see them now striving to meet their war burdens, working, never grumbling when their quotas are given them that—

"From such as these our Country's grandeur springs,
That makes her loved at home, revered abroad;
Princess and lords are but the breath of kings,
'An honest man's the noblest work of God.'"

And I want to make particular mention of one institution that has its home on Galveston Island, of which every citizen of Texas should be proud. I refer to that great daily, the Galveston-Dallas News. For nearly eight decades it has been a power and force in Texas. One may not always agree with its stand on men and measures, yet all of us are agreed on this—that it has always been the champion of the best interest of Texas as the lights before it disclosed the right. Its voice has been raised for patriotic purposes, and for political purposes, and for political purity and business integrity.

While we live in a new country, near the sovereignty of the soil, as the lawyers would say, yet it is a far away day since the dawn of human history and men began to make a record of sheer paltry deeds. We know that seven thousand years ago there were vast empires, popu-

HON. C. R. WHARTON.

lous cities whose very names and sites are now forgotten. Babylon the great and far famed Ninevah were governed by codes and statutes which regulated human affairs with an intelligence in many ways not surpassed by our most modern cities. There were banks and bankers there in those remote years and out of the ruins after centuries they dig bills of exchange and promissory notes written upon tables of clay and providing for a good round rate of interest—"Even as you and I." There was in Babylon a banking house which mastered the finances of the East, and through good management and high record for efficiency and integrity became the Wall Street of the Euphrates. The Egebi private bankers flourished in Babylon for more than a century.

We Thought Ours An Age of Peace.

In the lapse of ages empires, peoples, races have followed each other like surge upon surge. Despots have abode their destined hour and gone away. Countless millions slain upon ten thousand battle fields have given testimonial of "man's inhumanity to man."

Nearly a hundred years ago an English scholar and philosopher summarized the wars of the world and published his Creasy's "Fifteen Decisive Battles," and illustrated that from Marathan to Waterloo only fifteen battles fought had been decisive of any great or paramount issue affecting the fate or affairs of mankind or materially moving or changing the current of religion or of human liberty.

One is appalled at the useless strife and the wasteful wars of these centuries. It is an old, old world though our Country is but a new one, and as we look back through ages filled with blood, darkened with the black deeds of bad, ambitious men, it brings us to a realization that our own day is a page in the vast volume of time, and is indeed a day of destiny.

We had hoped that we lived in a day of everlasting peace. I had hoped when my children were born that they would never hear the sound of a drum marshaling men to arms. For forty years we have lived in this country under the most peaceful and benign conditions that any people have ever enjoyed since the beginning of time. Prosperity has been everywhere. We have been free from the burdens of Government. We scarcely

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knew we had a government. We came and went in our own way, following our own ambitions, and no man said nay or deterred us. I have read that Gibbon, the great historian, said that if called upon to name the Golden Age of this world, when men were happiest and women freest, he would select the age of Trajan and Hadrian and the Antonines in the declining years of the Roman Empire. But he lived 100 years ago, and if Edward Gibbon had lived in America, and had seen this country and these people for the last fifty years, after we shook off the horrors of the civil war and arose to our American manhood, if he had seen our institutions flourish, our business and our trade expand, our homes in prosperity, our people in peace, he would have said that the Golden Age of the world's history was the United States of America between 1875 and the good year of our Lord 1914. Surely, among men and upon this earth there has been no era like it.

And wouldn't it have been glorious if in our own way we could have followed our destiny as a people and a nation on to the end, whatever that end may have been? But while we flourished in the arts of peace, hoped and dreamed of perpetual peace, and the poet wrote of the "parliament of man, and federation of the world," we now know that in our midst there has been for forty years the most infernal and diabolical plot ever concocted by men on earth, by a nation that, as a nation, was willing to wade to its bridle-bits in blood for the purpose of conquest and of dominating this world. Whatever may have been the German excuse at the beginning of this war, whatever they may have said about who started the war, or who was responsible for it, the mask has been torn off, and today we stand face to face with the visage of a monster; and there has been no more fiendish form, no more fearful face, unmasked since the beginning of time, and since men first wrote their records on earth. While we builded our schools and churches and taught our children the lesson of the Savior, these fiends in human form baser than the Huns who followed Attilla, viler than the Saracens who came out of the desert with Islam and the sword, extended us the hand of friendship and secretly grasped under the cloak of Kulture the poisoned dagger of the assassin. (Applause.)

The Spread of Horror.

All words fail me, Syntax and Rhetoric are inadequate to portray the vast terrible crime against man and God, designed and perpetuated by these base murderous villians led by a mad Kaiser and a thousand of his Prussian Lords. Under the pretense of freeing Poland from tyranny, they have filled the land with soldiers, murdered their men, burned their cities, and today the German press is open in its denunciation of a policy that would stand in the way of the forfeiture and confiscation of the farms and cities of Poland. Bodily now, in plain print, they say that the German people must have the farms and homes of Poland. That Poland must accept the fortunes of war and if necessary for the good of the Fatherland be exterminated. More than half of Europe has felt and now suffers the same fate as Poland at the hand of the Hun and the Turk.

Today the mask is off, and they stand before the world, boasting of their brutality, vain of their villiany, advertising the fact: "We have burned and ruined here, and there, and you, and you, shall feel our wrath if you do not bow down to the power that we have raised on earth." Fiend in human form, there is nothing sacred to that depraved spirit that is moving against us. And in the fighting on that western battle line today, where millions are marshaled, and where our men and those of England and France and Portugal and Italy stand against that powerful tide, hangs the fate of this world of ours.

This Is a Day of Destiny.

Surely, we have been born and we live in a day of destiny. What it means, God only knows. If we win, all may yet be well. If we lose—and I tell you, men and women, do not forget that the crucial hour has not yet passed—if we lose, the flag of civilization and of freedom has gone down in a sea of blood, and dark ages may again for a thousand years blot out our country, and almost the memory of our country. Men and women, you and I are a part of that western battle line. Let every effort that we can put forward, every dollar that we can contribute, every strength that is in our heart and our arms, go forward to hold that line against the tremendous onslaught of those men who would subvert our homes, as they have the homes of Serbia, Belgium and Poland and France. (Applause.)

Against this shameless aggression what do we see? We see France marching with swinging step her millions to victory or to death, defending their homes, their cities and their women. We see old England paying the sacrifice and bleeding almost to the death doing the same thing. We see our own people rushing our boys—five hundred thousand—six hundred thousand—millions—to help hold the line. Our country entered this war with the avowed declaration: "We ask not one dollar of indemnity. We ask not one foot of territory. But we have got ten million men and ten times ten billion dollars to back this war to a successful termination for the defense of ideals for which America stands." (Applause.)

And while the Prussian sends his propaganda of destruction and death into helpless neutral countries, while he boasts that he has ruined cities and devastated countries, and gloats over the base beastality with which half of Europe has been smitten, this country, from sea to sea, is sending in one vast offering today one hundred million dollars through the Red Cross, as a message of mercy to those stricken people, a message coming from the hearts of American citizenship. (Applause.)

For the last three weeks I have sat at Red Cross headquarters in Houston, in charge of the effort to raise Harris County's quota of a quarter of a million for the American Red Cross. The plan being followed is to extend to every person in Harris County the opportunity, the privilege of contributing to this fund and becoming a partner, a stockholder as it were, in this great enterprise, the vastest machine for organized mercy ever known on this earth.

We Are All Americans.

We have a great many people among us of German descent who yet speak our language brokenly and retain their foreign accent. Almost without exception these people are loyal American citizens and they have come to me with assurances of loyalty and offers of assistance which I know are genuine. I tell these so-called German friends of mine—"my people lived in England for seven centuries, and they marched and fought with the British armies on many a battle field, but I am not an Englishman—though proud of the traditions of the grand old island, I am an American." And I say to them—"The sooner you people quit calling yourselves Germans and quit letting other people call you Germans, and tell the world that you are Americans in name and Americans in heart, the better it will be for this Country and for you." And if you will study these people aright, understand their condition, their tendency sometimes to clannishness, their slowness of action in some regards, I am convinced now, as I never was before, that the great bulk of our so-called German-Americans are loyal American citizens.

At the outbreak of this war I feared the stability of the American people. We were such an easy-go-lucky, carefree people, living isolated with a false sense of our security, that it seemed impossible for us to be at war with anyone. We had taken it from the pulpit and the poet that there would be no more war, and we wanted none. I feared that when this war with its tremendous burdens began to weigh upon the American people they would not stand the pressure. Many a sleepless night I have spent, as I have wondered what we would really do when the real burden fell upon us, and we were asked to contribute treasure and blood to the extent of, and beyond, our means. But I want to tell you, my friends, that my recent and present experience has restored my confidence in my people. I have seen and heard things in these three weeks that have brought tears to my eyes and gratitude to my heart.

I have met and talked with poor men who are planning to give all they can spare out of a scanty store, and who assure me that their people are of one spirit in this

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matter. I have counselled with rich men who have given and who will give large sums running into the thousands. Those who are working with me and who came back from among the people tell wonderful tales of loyalty and touching incidents of devotion.

One man who personally interviewed a thousand men and women reported a hearty sincere reception from everyone he met. Such a wave of enthusiasm for the cause in which we fight, such splendid support of the Red Cross, one of the chief agencies of the war, is a revelation to many of us.

Ladies and gentlemen, that is the American spirit. I know it and recognize it now. It is the spirit that armed our fathers in the dark days of the Revolution. It is the spirit that sustained them through the darkness of Mexican despotism, that was with us through the terrible chaos of the Civil War and Reconstruction. And if God is interested in human affairs, the American spirit, joining with that of our Allies, will triumph on the western battlefield. (Applause.)

The Days of Reconstruction.

After this war there will come a day of reconstruction, in which there will be problems that will make you gasp, and will call for every ounce of brain and every atom of intelligence that the American people possess. I know that our people as a mass are patriotic, but there has been too wide a breach between the people of wealth in this country and the people who have little means. Our bankers and our rich men are patriotic down to the bottom of their hearts—ninety per cent of them—but they have had too many automobiles, and their women have had too many fine dresses, and you have had too many gay balls, when poorer people have needed your sympathy, your hand shake, and needed to know what was really in your hearts. I talked the other day with a wealthy oil man who said—"Before the war I had three automobiles, and seven servants, and I spent five times as much money as any man ought ever to spend. I have learned my lesson. I am living in a humbler way, and the remainder of my life I am going to try to keep closer to my fellow-man and remove the barriers which divide people along false lines based upon wealth." If there is one message that I would give to you today with more emphasis than another, for that period following the war, I would say, bankers and bankers' wives, lawyers and lawyers' wives, merchants and your families, wealthy men everywhere, think more of your fellow-man in different spheres of life from you. Think more of what he is doing and his welfare, and a little less of your money and your pleasure and of yourselves.

I sometimes shudder when I see on the horizon the labor troubles that may follow this war. Russia had its Bolsheviki, and I see in this country day and night formations and aggressions that are going forward. It was a sad day when the Adamson law passed Congress under the point of a pistol at the threat of a strike. One could but shudder when Ryan, confessed and convicted dynamiter, was let out of the penitentiary because of certain demands from certain sources. It is sad to see Mooney kept off the gallows by the intervention of the President of the United States, though it is known to all men that he dynamited a peaceful patriotic parade. The day may come when these aggressions and demands will become so terrific, such a burden upon the business of this country, that we will face socialism, and maybe anarchy, and it will take all the arm that we have raised, all the courage we have, and all the resources we can muster, to prevent a repetition in this country of what has happened in Russia. Not because I fear the patriotism of our people, but because I fear their viewpoint, and fear their misunderstanding your viewpoint and my viewpoint, and fear we may misunderstand each other. If there is anything that behooves us at this time above all others, it is to begin studying now these problems of reconstruction.

Need for Home-Owners.

I sometimes think that the future of this country lies in the acquisition of homes by the millions. For many years I have tried to perfect in my own mind a plan to have the vast acres of Texas cut up into homes and placed within the reach of home owners. I never ride through a vast ranch or a large area of land that is cultivable, but the idea comes that some plan should be devised whereby the owner of that land could be induced or compelled to sell it to settlers, and some plan perfected whereby settlers could buy it and developed it to the end that there might be a million homes where there are none today. I am convinced that the future of this country lies in the wide universal ownership of land in universal home ownership among the American people. Since the French Revolution the stability of France has rested upon the fact that the Revolution broke up vast landed estates in France, and instead of a few lords owning all France there were millions of peasant farm owners. Those peasant farm owners, each possessing his own home, have been the stability of France in years of war and peace, through troubled times since the fall of the first Napoleon. Look at what they have accomplished in this war—the peasant soldiery of France.

At some other day, when our minds are cooler, and not so beclouded by the terrific circumstances of this awful hour, I would like to discuss with the bankers of Texas a plan by which they can join with the land owners and the landless, for the purpose of placing within the reach of those landless ones, homes, farms, and everything that goes with a home and a farm. A country without a middle class of that character is never a stable country. Diaz, when he saw Mexico tottering to the brink, said in private and in public: "I fear for the future of Mexico, because it has no intelligent middle class." If we could see a million more homes added to this great state of ours, and could see the smoke from those chimneys going heavenward, and know that beneath those roof trees fathers and mothers were rearing and teaching their children the lessons which are only properly taught and rightly understood in happy prosperous homes, we could feel that the next generation would be a generation of right-thinking citizens. A land like that, abounding in homes, and abounding in what the home stands for, radiant with the glow of the fireside and all that clusters around it, would be an ideal land, and would be absolutely safe from the storms of anarchy and revolution and the dark menace of socialism. If that dream could be realized in that not far distant day, we would see—

"A haze on the far horizon,
The infinite, tender sky,
The rich, ripe tint of the corn-fields,
The wild geese sailing high.

"And all over upland and lowland,
The charm of the golden rod.
Some will call it Autumn,
And others call it God."

I glory in the advent of a day like that for my country, for my people. Born in Texas, I love its sacred traditions and every inch of its soil. And against the coming of that great day, as I stand in the storm and stress of this hour of blood and gloom, I strain my ear to hear the faint music of the promised millennium, and my eye to see the glory of the coming of the Lord, and invoke the spirit of the Recessional:

"God of our fathers, known of old,
Lord of our far-flung battle-line,
Beneath whose awful Hand we hold
Dominion over palm and pine—
Lord God of Hosts, be with us yet,
Lest we forget—lest we forget!

"The tumult and the shouting dies;
The captains and the kings depart:
Still stands Thine ancient sacrifice,
An humble and a contrite heart.
Lord God of Hosts, be with us yet,
Lest we forget—lest we forget.

"Far-called, our navies met away;
On dune and headland sinks the fire:
Lo, all our pomp of yesterday
Is one with Nineveh and Tyre!
Judge of the Nations, spare us yet,
Lest we forget—lest we forget!

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"If, drunk with sight of power, we loose
Wild tongues that have not Thee in awe,
Such boastings as the Gentiles use,
Or lesser breeds without the Law—
Lord God of Hosts, be with us yet,
Lest we forget—lest we forget!

"For heathen heart that puts her trust
In reeking tube and iron shard,
All valiant dust that builds on dust,
And guarding, calls not Thee to guard,
For frantic boast and foolish word—
Thy Mercy on Thy People, Lord!"

At the conclusion of Mr. Wharton's address the audience arose and sang "America."

THE PRESIDENT: Mr. Wharton, on behalf of the Texas Bankers Association, I want ot thank you for the privilege and the pleasure of listening to this magnificent patriotic address with which we have just been favored, and I want to ask, as an evidence of our appreciation of that address that we now extend Mr. Wharton a rising vote of thanks. (Applause.)

MR. WHARTON: I thank you.

Vestis Wilkerson, a director of the Boys' Savings Bank of Mauriceville, was introduced, and entertained the audience with a recitation: "Our Flag."

The convention thereupon adjourned until ten o'clock a. m., May 15, 1918.

Second Day, May 15, 1918

The convention was called to order at ten o'clock a. m. and the audience stood while the following invocation was offered by Very Reverend J. M. Kirwin, Administrator Galveston Diocese.

Invocation

By Rev. J. M. Kirwin.

ALMIGHTY and Eternal God, we ask thee to bless the proceedings and the deliberations of this convention. We ask thee to throw around about the President of these United States the mantle of Thy love and protection. Guard our boys on land and sea, and bring us victory with justice and peace with profit. All of which we ask in the form and manner in which Thy Divine Son has taught us to pray Our Father, which art in Heaven, Hallowed be Thy name. Thy Kingdom come. Thy will be done in earth, as it is in Heaven. Give us this day our daily bread, and forgive us our trespassers as we forgive those who trespass against us. And lead us not into temptation, but deliver us from evil. For thine is the kingdom, and the power and the glory, forever. Come, Holy Ghost, fill the hearts of the faithful, and kindle them with the fire of Thy Divine Light. Send forth Thy spirit, and our hearts shall be regenerated and Thou shalt renew the face of the earth. In the name of the Father, and the Son and the Holy Ghost. Amen.

MR. JOHN W. GAINES (Bay City): Mr. President: before the beginning of the active business of the day, and in view of the fact that the state bankers of Texas are going to meet immediately after the adjournment of today's session, and in order to get the matter before it, I wish to offer a resolution which I would like for this body to pass on now, and with the permission of the chair I will read it:

"WHEREAS, the Executive Committee of the Texas Bankers Association set apart a time for a 'Conference of State Bankers,' to consider matters peculiarly affecting the interests of state banks, and believing that such meeting will be highly beneficial to such banks, therefore,

"BE IT RESOLVED, that the 'State Bankers Section' of the Texas Bankers Association be established, that the assignment of a day for the consideration of their welfare be made a permanent feature of the annual meeting thereof, and that the membership of such section be authorized to make and promulgate rules and regulations for its government, subject to the approval of this association."

(The resolution was signed by John W. Gaines, Bay City; W. R. Ferguson, Wichita Falls, and Tom Rodgers, of Denison.)

I move, in order to get the matter before the body, that the resolution be adopted.

THE PRESIDENT: I would suggest that it be referred to the Resolutions Committee and be reported back with other resolutions tomorrow. That is the proper channel.

MR. GAINES: I understand that ordinarily that would be the course, but this section will only meet once during the meeting of this convention, and if they are to be given a chance, and these matters are to be considered, they should be permitted to formulate their plans for the ensuing year at their meeting today. In my judgment it is a matter that should receive consideration at the hands of this body, and there can be no objection to it from any source, because the purposes of this organization are to further the financial interests of the state in every way possible. Any consideration that is given to any subject that affects the welfare of the state should be done with due deliberation and decorum. That can only be done where it is properly organized. It probably is not necessary for a resolution of this kind to be adopted, because the Executive Committee has seen fit to set apart a day for the consideration of matters peculiarly affecting the state banking interests. But in order to make it so that it will always be a part of this organization, and will not drift apart from it, I deemed it wise, in conference with one or two others who signed the resolution with me to present the matter at this time, so that at the afternoon session the state section of this body could go into an organization that would control it and dominate it, and its action be considered and passed upon by the association at large. It seems to me that this is the time for this to be considered, and if it is referred to the committee on resolutions and then is considered and passed on tomorrow just before the adjournment, it will give no opportunity whatever for the state bankers conference to organize in any sort of way for the purpose of furthering the interests peculiar to state banking institutions. It is for that purpose that I have offered this resolution this morning, and it is for that purpose that I have moved its adoption, and I shall insist, if the chair will permit me, that it be considered at this time.

THE PRESIDENT: I think your point is well taken. Is the motion seconded?

The motion was seconded to adopt the resolution offered by Mr. Gaines, and upon the request of members the resolution was again read.

The PRESIDENT: Gentlemen: You have heard the reading of this resolution, the substance of which is to establish a state bank section in connection with the regular associational work for the purpose of discussing matters pertaining particularly to state bankers. Ordinarily and customarily it would be regular and proper to refer this resolution to the Resolutions Committee. However, as Mr. Gaines has just stated, there is a meeting and a program arranged for the state bankers this afternoon, and under the circumstances I believe it is appropriate that we should deviate somewhat from the usual routine, and I, therefore, submit this resolution to you at this time.

The resolution as read was unanimously adopted.

THE PRESIDENT: I want to say that I personally am very much gratified that the association has taken this

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action, and that it was unanimous. I think it is proper and right, and I am glad to know it is the sense of the association, although it was a foregone conclusion.

Next in order this morning we have an address by one with whom we all feel in close personal touch, and one who during his connection with the Federal Reserve Bank, and by his able administration of his office, has attracted the favorable attention and welded very closely the friendships which he formerly had, and has created new ones. We want just at this point to pause and present to you Judge W. F. Ramsey, Federal Reserve Agent at Dallas. (Applause.)

THE FINANCIAL SITUATION

Address by HON. W. F. RAMSEY, Federal Reserve Agent, Dallas, Before Texas Bankers Convention

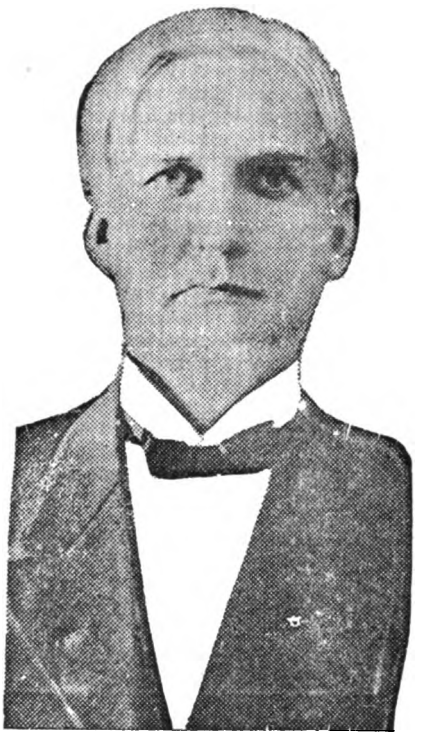
MR. CHAIRMAN and Gentlemen: My appearance on the program is due to the unavoidable absence of Mr. Hamlin, a member of the Federal Reserve Board, and the first Governor of that Board. I was instrumental somewhat in inducing him to accept the invitation tendered him to appear in Galveston and address the Texas Bankers Association. I personally know that it was a great disappointment to him that he was unable to fill his engagement, but his appointment as Chairman of the Capital Issues Committee, authorized by a recent act of Congress, imposed such an immediate demand on his attention as to make it absolutely impossible for him to attend. When this fact was discovered, your Chairman thought that perhaps it might be worth while to have some expression from the Federal Reserve Bank, and I consented, rather against my own inclination, to speak to you quite briefly.

Whatever one may think of the Federal Reserve system as to its merits, I believe there has been a growing sentiment, that has now settled into an almost universally deep conviction, that it fills a great place in the financial structure of the country, and has rendered a service without which we would all have been very much at sea. I remember, my friends, being in New York three years ago last February, and somewhat as a matter of custom and habit I went down to the old Seaboard Bank—by the way, one of the biggest and best little big banks on earth—to see the folks, as I said to them, with a view of continuing my acquaintance, so that if I got broke I could be identified and get money enough to get out of town on. I spoke to Mr. Nelson with reference to the Federal Reserve Bank, and with a very weary and somewhat complaining air, he said to me that they had never received any dividends on their stocks, and that it looked like they probably never would. You will all recall, my friends, that in the early history of the bank it did seem somewhat unlikely that it would be a profitable institution, and while not designated primarily for profit, I think the bankers all believed and felt, as in my judgment they had a right to believe and feel, that at least they were fairly entitled to the little six per cent dividend which the law authorizes them to receive. Since then practically all the banks have been making their dividends and I was surprised to learn in Washington the other day that at the close of business on the fifth day of February of this year the New York bank had already earned its dividend for the entire twelve months of 1918.

High Points in System's Working.

I remember further, gentlemen, that at the first conference of Federal Reserve Agents which I attended, Mr. Warburg felt and believed that if in the history of the bank it could accumulate a gold store of a billion dollars, the financial situation of the country would be so stabilized and so thoroughly established that there need be no cause for alarm. I think it must have been a surprise to him—I believe it has been a surprise to all the world—that we now have in the Federal Reserve System a stock of gold amounting to more than $1,800,000,000, an amount of gold that far surpasses the combined stock of that metal of all the great national banks in all the countries of the world.

I remember something like a year and a half ago it was concluded, in view of the possibilities with which we might be confronted, that there should be printed a stock



JUDGE W. F. RAMSEY.

of Federal Reserve notes running in the aggregate to around a billion dollars. Of that amount of Federal Reserve notes there was allotted to us, as I recall, something like $60,000,000. As the Board had pretty well determined the matter, and as I thought it perfectly safe to have as large a proportion of notes for our bank as anybody else had, I readily made the suggestion that they be printed and held in stock, partly in Washington and party in the sub-treasury in St. Louis, with a view of their utilization, if the demands of our commerce and trade required it. I little dreamed, my friends, that the time would be reached during my connection with the Federal Reserve Bank that we would have a billion dollars of Federal Reserve notes in circulation among the people of this country. It was a surprise to me—I think it will be a surprise to you—to know that approximately $1,500,000,000 of Federal Reserve notes are in circulation, or are held by Federal Reserve Agents for the purpose of being put out in the channels of trade. And back of them, vouching for their integrity, is a combined stock of gold that exceeds threefold the stock of gold held in the Bank of England as cover for their currency issue.

Recent Financial Legislation.

I am not sure, my friends, to what extent you will be interested, but I think it worth while briefly to make some reference to financial conditions as they appear to me. Probably the information will not be new to you, and

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yet I have thought that with probably more leisure than some of you have had and rather ampler opportunities for reading than many of you have availed yourselves of, perhaps a brief discussion of some recent financial legislation might be in order. We are standing, of course, on the threshold of such world-wide events as the civilized world has never known before. Among the things that our people have greatly feared is and has been the thought that the continued issuance of bonds, now bearing rather a higher rate than the best savings banks pay, might be an encouragement and an inducement for the depositors in savings banks to withdraw their deposits, compelling these banks to throw their securities on the market at a great sacrifice and loss to them, and with the possible effect of utterly demoralizing the security market. Under the terms of the corporation finance act it has been very wisely determined, as I believe, that the government is authorized against their stable securities to advance to these banks reasonable sums of money, so that the temptation or the necessity of sacrificing and realizing on these securities might be dispensed with. This has had the result of giving confidence to the banks, and a greater and far more needed confidence to the hundreds of thousands of savings bank depositors all over the country. More than that, the legislature of New York very recently has deemed it wise to make some departure in the character of investments held by these institutions, so that by recent legislation it has been provided that savings banks may invest in prime bankers' acceptances a sum equal to ten per cent of their deposits, so that there will be furnished an opportunity to make an investment profitable to themselves, and have short time maturities, so that they can realize cash and take care of any demand that might be made upon them. Among the great fears that have been felt by the Secretary of the Treasury, and that has been felt by many forward-looking men, has been the fear that in the continued multiplication and issuance of government securities at the comparatively low rates that have prevailed, and that will prevail, there will be a constant absorption of the liquid capital of the country, with the effect and result that railroad companies and other great corporations would be unable to carry on in the orderly way they have done the great financing demanded by their interests, with the result of crippling their operations, preventing the resuscitation and rehabilitation of properties, and with the effect of utterly demoralizing the security market. It has been and is the object of the finance corporation bill, through Government instrumentalities, to take care of these necessities and stabilize conditions, and maintain an equilibrium in the financial condition of these great concerns.

Bankers and the Liberty Loans.

My friends, we have all, I suppose—those of us who have thought about it—not been wholly untroubled with the great problems that rest upon the American people. I think the country is to be congratulated, and I say it in no partisan spirit, in the fact that the great Secretary of the Treasury in my judgment is one of the ablest most thoroughly efficient and thorough going American men that ever held the office of Secretary of the Treasury in all the glorious history of the United States. (Applause.) He is one man in Washington, at least, who never passes the buck, and who is not afraid to take any fair measure of responsibility and go on, when he thinks that to go on is the thing to do. So in my judgment there is not only no occasion for alarm, but the greatest occasion and the strongest reason for an abiding confidence in the financial integrity of our entire financial structure.

My friends, I feel like I would be untrue to myself and would not be speaking the voice of the institution with which I am connected, if I did not avail myself of this opportunity to express our gratitude, our thanks and our appreciation for the patriotic service rendered by the patriotic bankers of this state and of this district. I was somewhat intimately associated with the first Liberty Loan Campaign, and while we took our allotment, and something more than our allotment, it went into the hands of less than 100,000 people in this great district. In the second campaign we again reached our allotment, but in that campaign something less than 250,000 subscribers came forward and took Liberty Bonds. The most gratifying thing of the great campaign just now closed is that against an assessment of $75,000,000, when all the returns are in, this district, ravaged, as much of it has been, by drouth, coming at a time when everywhere our banks and our people had the strongest needs for their money, among a population but slightly acquainted with and slightly accustomed to investments of this sort, more than 850,000 men, women, and children in this district, and more than three-quarters of a million of them in Texas, came up and participated in this government financing. (Applause.) And I feel that as the campaign goes on, and another bond issue is made, as it doubtless will be in the course of the coming fall, if kind heaven continues to bless us, and we have the crop that the prospect now seems to justify, we can raise $100,000,000 among more than a million subscribers in this district, much more easily than we raised the sums that belong to the past.

Result of Thrift and Savings.

My friends, I understand, I think, as well as anyone the immediate burdens imposed upon the bankers of this state, but have you ever stopped to think that while it may take your deposits now, that according to the returns of the Comptroller's office, we have subscribed for more than $500,000,000 in bonds, having placed a large amount of treasury certificates, the combined deposits in even the national banks of this country were more than $1,000,000,000 beyond what they were in the spring of 1917, and while it may impose, and will impose, a fairly severe burden at once upon many of the banks, both large and small, all over the district, you should remember, and it is a cause of congratulation to us all, that there is being banked up and piled up and put away the best savings in all the world, in the sum of more than $200,000,000, and that around practically every fireside and every hearthstone habits of thrift and industry are being inculcated, and we are going to have a reserve of wealth in this country the like of which no man ever saw in all the glorious history of this state. (Applause.)

My friends, I was gratified at the resolution just offered by my friend, Mr. Gaines. He did me the kindness, not to consult me about it, but to tell me about it before he came into the room. I feel like it would be most unfortunate if any plan should ever be adopted that would separate in organization substantially the state banker from the national banker. (Applause.) Of course, the state banks are much younger, and yet they are far more numerous, and they will continue as time goes on to grow relatively perhaps in importance in this state; and so far as I am concerned, I shall always wish for them, as I wish for them now, the greatest sort and kind of prosperity. We have been making appeals now for many months to the state bankers of this district to come into the Federal Reserve System. When the returns are all in it ought to gratify you, as it has immensely and immeasurably gratified me, that we will have, not in capitalization, not in aggregate resources, but in numbers more state banks in the Federal Reserve System in Texas than any other two states in the American Union. (Applause.) And I hope the day is not distant when every eligible state bank in the state will be under the shelter of the Federal Reserve System, aiding us and permitting us to aid them. And if I might be consulted, I hope the time will arrive, and at the next session of Congress, when without reference to capitalization the state bank of even $10,000 capital may, if it wants to, be permitted to secure membership in the Federal Reserve System. My friends, it has not been my observation that the largest bank is necessarily either the safest or the best bank. I believe in reasonable regulation. I believe in a fair measure of government control. But I do not believe that the wisest man has ever yet devised, or that any son of woman ever will be born into the world, that can frame or fashion a law for the regulation of banking that will dispense with those homely, old-fashioned virtues of honesty, ability, integrity and sobriety in banking. (Applause.) I am among those inclined to believe that as a rule most banks are just as strong, and not much stronger than, the man behind the gun, and if

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we had in this state practically all of the state banks—as by law we have and must have a membership of all the national banks—giving us a capitalization of more than $5,000,000 with deposits from around $75,000,000 to $100,000,000, we would so strengthen and so stabilize financial conditions in this country as to do away with and obviate any strain in handling the great cotton crops and the other merchandise and products of the farm and the mine, and all the great industries that make this district in some respects preeminent in the districts of the country. In the eleventh district we have the greatest cattle and stock growing district in the world. We produce practically one-third of the cotton of the country. It is among the great lumber producing districts of America and the world. And as the farmer tills the earth, as the miner continues to develop the mineral resources of the country and as the petroleum gushes out to fruition later into coin and into money, we are destined to have immense sources and reservoirs of wealth, and as I believe, a population and a prosperity of which we all may be proud.

We Are All Americans.

My friends, I never feel like anybody ought to close any sort of a speech anywhere among men without making some reference to the war situation. I shall not go into it in as much detail as some of our friends have, but I want to call your attention to this fact—that for one time in our lives the voice of partisanship has been hushed. We have no more division politically. We have practically no division in respect to mere methods and forms of worship. Why, the program of this great convention illustrates the fact. On yesterday we had that magnificent American, Rabbi Cohen, a typical member of that great Hebraic race that means so much to the commerce and the trade and enterprise of our great state. Today we have that loved member of the Roman Catholic church, and tomorrow we have our Protestant brother. So that, as we are of the same civilization, shielded by the same Father, worshipping the same God, and destined finally, let us hope, to the same god heaven, we are facing the same problem, Americans all, and in God's name, let us hope, patriots all. (Applause.)

Not only that, my friends, but who thinks about politics now, except some man by mistake mentions the Governor's race? (Laughter.) You know—I think I may as well make the confession here, as I have made it elsewhere—that I was almost thirty years old before I got to believe that a man could be honest and be a Republican, under any circumstances. (Laughter.) My people were Dixie folks. My father fought in the Confederate Army. While he never owned a slave all the days of his life, he was among the first men that went out from Old Gonzales County. For four long years he knew what it was to bleed for conscience and for country. So, with my views, knowing something about Kuklux, and all the things of Reconstruction in the old days, I suppose I was as full of prejudice as the traditional dog was ever full of fleas. (Laughter.) But the course of education, the teachings of our beautiful religion, our public schools, Time, the true builder and beautifier of the dead, all these things led me to a somewhat different conclusion, and finally when our Spanish-American war came on, and McKinley appointed Fitzhugh Lee and old Joe Wheeler to wear the blue (applause), and when he consecrated the earth with his own blood as a martyr to civil and religious freedom, I thought it was all right. But it was not altogether all right, and you will remember that in 1916, but a little while ago, a great Presidential contest raged from Maine to California over the issue as to whether Judge Hughes should be President or whether President Wilson should be re-elected. Half of us thought that if Hughes was elected the country would go to the devil entirely, and the other half thought if Wilson was re-elected, we would be utterly lost, ruined and undone. Finally, however, when the election came on, and by the grace of God and the votes of the women of the Western States (laughter and applause), President Wilson was re-elected, with that fine American trait of acquiescing in the result and will of the majority, we all went away back and sat down, and agreed to be neighbors and friends. Now, what happened? When the clock struck the hour of the Nation's peril and America became involved in the great contest that is now raging in the Old World, we found that great Governor, that great Judge, that great American, Judge Hughes, taking his stand side by side with the man whom he had been recently contesting for the chief magistracy of the Union. And we found that other nobleman, one of the purest and gentlest and kindest and ablest men that ever held office in the gift of the American people, Ex-President William Howard Taft (applause), going up the length and breadth of the old South, pleading with a Democratic people to stand by and support a Democratic President. My friends, isn't it worth while for a man to have lived long enough to have seen a thing of that sort? (Applause.) Not only that, but there was the Colonel. (Laughter). You know, my friends, the Colonel had not been doing to suit me for a good long time, but when his country was in peril, we found that man, who for almost eight years has filled with great acclaim the Presidency of the United States, and probably today the most widely known man of all the men that live in America, a man of independent fortune, who might, if he had desired, have lived the rest of his days in peace, we find him stronger for war than Taft, stronger than Hughes, and if any difference, stronger than Wilson, and when the Colonel said to Mr. Wilson: "I want to go to fight in France, and if you will let me I will take thirty thousand fighting men, that can whip their weight in wildcats, and I will go there and fight," when that man, gentlemen, said that, I thought to myself: "Young fellow, it's time even to quit thinking anything wrong about Colonel Roosevelt." And that is the way I feel about it. (Applause.) My friends, we do not any more inquire whether a man is a Republican, a Democrat or a Populist. If he is a good one hundred per cent American, he is good enough for me and he is good enough for anybody. (Applause.) And that is the way our folks think about it. Why, even in "Finance and Commerce," I read but the other day, in the last issue, a fine little poem, that beautifully expressed the sentiment:

"Here's to the blue of the wind-swept North,
As they meet on the fields of France;
May the spirit of Grant be with them all,
As the sons of the North advance.

"Here to the gray of the sun-kissed South,
As they meet on the fields of France;
May the spirit of Lee be with them all,
As the sons of the South advance. (Applause.)

"And here's to the gray and the blue in one,
As they meet on the fields of France;
May the spirit of God be with them all,
As the sons of the Flag advance." (Applause.)

MR. JOE HIRSCH: I think we are very fortunate, and I refer now to the shareholders in the Federal Reserve Bank—I think we are extremely fortunate in the Chairman of our Board, and I do not think that we ought to let this opportunity pass without paying some little tribute to him. (Applause.) I must say that I have heard Judge Ramsey on many an occasion. He is getting better all the time. But I do not think I have ever heard a better and more patriotic, and at the same time a more interesting address, and a more instructive one, than he has delivered today. (Applause.) I want to say to you that Judge Ramsey does not sit up in the Federal Reserve Bank in a little cage, surrounded by a lot of red tape. He is down here with us always at our meetings, always greeting us and expounding the law, and giving good and wholesome instruction to the brethren. I just want to point out one thing he has recently done. I do not know whether you are familiar with it or not. You possibly know that the Secretary of the Treasury has agreed to deposit, and possibly has deposited by this time some five millions of dollars in the banks in the drouth stricken district of the Eleventh District. I want to say to you, my friends, that this is due almost entirely to the efforts of Judge W. F. Ramsey. (Applause.) I move you, Mr. President and gentlemen, that we extend a rising vote of thanks to the very distinguished Chairman of the Board of the Federal Reserve Bank.

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The motion was seconded and was unanimously adopted by a rising vote.

JUDGE RAMSEY: I thank you, gentlemen, very kindly.

THE PRESIDENT: I just want to say that my friend, Mr. Hirsch, expressed my sentiments just exactly, and just beat me to it a little bit. I want to say another word in connection with that five million dollar drouth fund. It happened I was rather closely in touch with the Judge at that time, and I want to say, for the benefit and for the information of our State Bankers that Judge Ramsey worked indefatigably and used every influence and every argument at his command to induce the Secretary of the Treasury and those in authority, having the management of this fund, to deposit the pro rata with the State Banks of Texas in the drouth stricken district. There was no man ever more enthusiastic or more determined to do this than Judge Ramsey. I want to explain this to you at this time, so that you may know how disinterested he is, and how much interest he has, in the broadest sense, in the betterment of banking and financial conditions in this State irrespective of the national or state bankers. You know we are all alike. We are all in it from a commercial standpoint, and there is no difference between a state banker and a national banker—no more difference than there is between a Presbyterian, a Baptist, a Methodist, or any other religious denomination. They all, if properly practiced, lead to the same place. And that is the purpose of the state and national bank. We are all here to serve the public in the same way and to the same end, and as I see it there is no difference at all except in the personal preference of the organizers of the various institutions. (Applause.)

JUDGE RAMSEY: Will you permit me to say one word supplementing your statement? I desire to say that the reason the Secretary of the Treasury gave for not making deposits in the state banks was that the law of Congress under which the authority was granted, did not authorize him to make the deposit. He would have been very glad to have done so, if he had felt that he could do so.

THE PRESIDENT: Next on our program is an address by a gentleman, who, while he is not perhaps personally known to all of us, is well known to us through the splendid articles which have appeared from time to time in the various banking journals and other papers. This gentleman has come to us from a great distance, and we appreciate his presence here this morning very much. It is with unusual pleasure that I present this gentleman, who will speak to you on "Business In War and Afterwards," Mr. Lewis E. Pierson, Chairman of the Board of the Irving National Bank, of New York. (Applause.)

MR. LEWIS E. PIERSON: Mr. President, and Gentlemen of the Texas Bankers Association: I cannot express to you the gratification it is to me to be with you at this meeting, to look at you face to face, to visit this wonderful city and citizens of such courage as the people of Galveston have demonstrated to the rest of the country; and also to express to you my very great appreciation for your invitation to come down here and talk to you on a technical subject, which I am going to apologize to you for discarding. I am on the program to address you on the subject of "The Trade Acceptance," but I discard that subject in the first place, for the reason that our very good friend, Mr. Sweeney, will have a paper on the same subject, and, in the second place, there has been so much written on trade acceptances that I am very sure you must be more or less familiar with the subject in a general way; and, in the third place, it seems to me that in these war times there are even bigger things than trade acceptances. And that point of view has been so impressed upon me through work which I have been doing in Washington on the War Committee of the United States Chamber of Commerce, that I thought you would very much appreciate hearing something on: "Business In War and Afterwards." (Applause.)

Business in War and Afterwards

By LEWIS E. PIERSON, Chairman of the Board, Irving National Bank, New York City

IF, after we have won this war, as win it we must and shall, we find national resources depleted, weakened and disorganized, unfit to bear the tremendous burden of sustained effort which will be imposed upon them, we shall have the very poor consolation of knowing that we ourselves are almost entirely to blame.

The case is very much up to us. If, in the confusion and disorganization of a world struggle, we keep our sense of proportion and if, in our feverish anxiety to respond fully to our urgent demands of the present, we do not disregard the equally important demands of the future, then we shall find our inherent possibilities entirely equal to the strain to which they are to be subjected. If we fail, the reason may be found not in the situation which surrounds us, but in ourselves.

There should be nothing in the fact of war, even such a terrible destructive war as this, which at its end should find this great, powerful, vigorous, almost immeasurably wealthy nation of ours in any but a healthy, active and highly efficient condition.

Of course, we must not underestimate the seriousness of this struggle, nor fail to realize the demands it will make upon us or the danger it carries with it—but, in spite of these and regardless of how serious they may become, ours is a position which, in the future and after the war, should not be less dominant among the nations than at present.

If only we keep our bearings through it all—if we proceed on a basis which includes full recognition of the fundamentals of the case, and if theories and methods employed at all times include the principles of sound business and good common sense, the task before us, while difficult, need not in the least be impossible.

War Is a Business.

To begin with and fully consistent with all proper consideration of patriotism and altruism, this war should be treated as a matter of business—not business in the sense that we, or any decent nation expect to derive profit from it—not business in the sense that our attitude should contain any reference to the question as to whether or not it will pay (it would be ridiculous to assume that such a war could pay) but in a sense that our interest in the war and in what will follow demand recognition of the simple, plainly written rules of ordinary, every day business.

It is so easy to go wrong upon this point—so easy, when world atmosphere is filled with self sacrifice, to make sacrifices in a spirit of depreviation exclusively, and to lose sight of the fact that in this war the big things in sacrifice, the thing that justifies and glorifies sacrifice, is the fact that it will serve a worth while purpose.

It is so easy also to allow our war enthusiasm to run away with our better sense—so easy, confronted as we are by so much of the abnormal, to abandon the normal in our lives and in our activities—so easy to be stampeded into the belief that the qualities which are indispensable to success in times of peace, play no part in the sterner struggles of war.

Many of our people appear disposed to assume that there is no logical relationship between business methods and war success. They appear to believe that some mysterious quality, not in the least understood, requires

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that when we enter the field of war we should leave behind the common sense, the foresight, the deliberation, even the instincts of self-preservation, which are fundamental in success in the field of peace.

As a nation, we are peculiarly suited to the development of the idea of war conducted along business lines. In putting into fighting order the national equipment we possess, we constantly should keep in mind the fact that our national greatness is built upon our superiority in the field of business.

We have accomplished much along other lines—literature, art, science, the development of political institutions—but these are purely incidental to that which constitutes our most pronounced and most generally recognized characteristic as a nation, and as individuals.

America Noted for Business.

When the world thinks of America, it has in mind a nation powerful among nations, principally because of the genius of business which has been developed within us, and when people of other lands think of the average American, they think of a man, who, while possibly not artistic, or literary, or of scientific attainments, still is able to more than hold his own among men because of an individual business ability which renders him almost unique.

The American may lack efficiency as the world understands that word. He may lack technical business training, and his business experience may have been limited, but at that, the efficient, trained experienced business man from other lands who has met this American has come to classify him as the most dangerous of all dangerous competitors.

Is it not strange, then, that in this war—this period of deadliest national emergency we have known, and largely a business emergency too—we should overlook or at least fail to take advantage of and fully utilize this almost unique national quality of business excellence?

It is not strange that the appropriation of sums of money so great as to stagger the imagination of other times must be left to a Congress in which the representation of business is small out of all proportion with either the business seriousness of the situation treated, or the business equipment of our people generally?

Is it not strange that in the administration of the great Government business departments which have been brought into existence by the war, so much time should have been wasted in trying out men of uncertain powers of leadership, where there were easily available others whose preeminence in the leadership of great business is a matter of world knowledge?

Let us be perfectly frank with ourselves. Are we using ordinary, everyday business sense in our conduct of this war? We go on from day to day hoping and believing that in some way we shall win the war, and at the same time failing to utilize national resources, without which it's winning, as we would have it won, becomes a problem not in the least easy to solve.

We realize that the business of the nation is without governmental leadership and that government machinery is not supplemented by business to anything like the extent demanded by the seriousness of the national emergency. We know that upon both sides is to be found the extreme of good intentions—that business men everywhere are anxious to concede and sacrifice and serve that our purpose in the war may be accomplished, and that Government is equally anxious to do all humanly possible to the same end.

Many Difficulties Confronting Us.

But the difficulty continues regardless of these intentions and regardless of the obvious ease with which an improvement could be effected, if only we realized the situation and treated it frankly and rationally.

This is no time to delude ourselves with pleasing fictions, or to close our eyes to disagreeable facts. We, the business men of the country, are seriously to blame because in the conduct of this war we have not asserted ourselves in such a way as to cause Government to recognize the business needs of the war, and to utilize the business equipment of the nation in most highly effective form.

It may be said that in the war we are doing well—are making extraordinary progress—are moving at a rate unprecedented in the history of our country—but will anyone say that we have done the best that is in us? That we are getting even 50% efficiency from this splendid national equipment with which we find ourselves provided?

In considering this point the measure of efficiency we

LEWIS E. PIERSON

should have in mind is the efficiency of war, not that of peace, and even assuming a peace efficiency, is not our war performance still considerably below the mark? Is not war progress suffering from waste, and repetition, and useless loss of valuable time, misdirection and indirection, which would not be tolerated for a moment in the conduct of the affairs of any of our great business concerns, even in times when war is not known on the earth?

We all must deplore the present, well-developed tendency to hold national war business post mortems. The nation gains but slight consolation, and no benefit, from "disclosures" which only show what "might have been" if the right thing had been done in the beginning. It is an old saying, that it is poor business to trade horses while crossing a stream—but how about the absurdity of trying to break in, in a day or two, a perfectly raw, untried colt with which to win a Derby?

It should not be difficult to select as leaders in our war business activities, the comparatively few men who are best qualified for such purposes. There is no country in the world in which the superiority of the truly great business leaders is so sharply shown as in our own. Their leadership in business is not a matter of chance, or accident, or favor, but has come from the fact that in the market of men, and upon a basis of competitive performances, their value as business leaders clearly and unmistakably ranks above that of other men.

These great war business problems with which we are struggling at present are desperate problems. Upon our ability to solve them depend not only a large measure of our success in this war, but, we almost might say, the destinies of mankind.

Must Recognize Rules of Good Business.

And what is the answer to it all? Simply this—in our war operations we should recognize the simple, definitely

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written rules of good business. The solution of business problems should be left to business men. Government should come to realize that the only safe basis for action involving business problems is one which will include the best which has resulted from the business training, the business experience, the business judgment, which the nation has developed.

This business equipment should be used in the beginning and not at the end. Business men, our very best, should be called upon for consultation, suggestion, and advice, before and not after the difficulties of a situation have been developed and, above all, Government should come to realize that there is no magic possessed by Government which will make business problems less difficult of solution by government than business men ordinarily find them to be. Bad business methods will be bad, and good business methods good regardless of who may be responsible for them—Government or business man.

In the getting-together of these two widely differing points of view, business and Government, the chief responsibility would appear to be with the business man. His must be the first move. To a very considerable extent his hands are free, and to an equally great extent, the hands of Government are tied. His freedom, to exercise initiative—to institute departures—to destroy fictions—to disregard traditions—is much greater than is that of Government in these same connections.

Government and Business Man.

To a very considerable extent, he is a free agent. His facilities practically are unlimited—He possesses a splendid complement of business associations and organizations—industrial, commercial, financial—well suited to the purpose of putting into operation any new national impulse which may be demanded. Governmental action is tied down by all sorts of traditions and precedents and customs and regulations, which, unreasonable though they may appear, still constitute the atmosphere in which Government lives and moves, and shall continue to live and move until we all develop a new Government point of view.

It must be admitted that in the past our business associations and organizations have not represented anything like their full value as means whereby the importance of the viewpoint of business might be impressed upon Government. It may be that the difficulty is one of national youth—that the idea of organization among business men is new, and that these associations and organizations have not yet acquired the standing, and importance and driving force which are indispensable in the function of leadership.

Chambers of Commerce—Boards of Trade—banker's associations—organizations in special trades and industries—all represent power and importance and efficiency in a local way, and some of them, geographically, in a national way—but no one of them and no combination of them thus far has succeeded in impressing Government with the importance of the business point of view—in this essentially business nation of ours.

After all, it is not strange that this should be so. Few, if any, of these bodies thus far have seen fit to declare themselves upon great national questions in such a way as to command the serious attention of Government. They build up membership—provide service—issue bulletins—hold conventions—pass resolutions—submit questions to referendum vote—and give other evidences of a great interest in the public welfare—but, somehow,—they usually appear to stop short of doing or being anything which the Government need take seriously as representing a voice of the people which must be heeded.

Must Become Interested in Government.

Clearly, something larger than this is demanded of them. They must appear in the national field in properly aggressive form, with a definite and declared position upon public questions. They must claim the right to lead in public thought, not to follow—they must recognize their obligations and possibilities of usefulness not only to members and committees, but to the nation and even to the great cause of humanity, which our nation and others are serving so unselfishly.

Before anything like our full national power can be brought to bear upon these problems, we discuss, there must be eliminated—our well-developed tendency to depend too complacently upon the institutions provided by Government. We—the average business man, I mean,—ordinarily take as much interest in Governmental activities as we are obliged to, or as suits our pleasure or convenience. When the time for election of public officials comes around, we display a mild measure of interest and activity. This interest usually is measured by political traditions and considerations, rather than by those with which the practical business man is familiar.

If, from time to time, we discover in Government operation anything which menace our interests, or offends our sense of the fitness of things, we ordinarily find fault. or, as commonly expressed, "knock" the Government. Once in a while, in cases of emergency, we send that well known telegram to our Senators or Representatives suggesting, in a spirit frequently not more than half hearted, that he use his influence in favor of this, that or the other piece of proposed legislation.

In very rare cases we have been known to go so far even as to take a trip to Washington to discuss the particular matter with somebody—but whatever the spirit in which we make this trip, and whatever the spirit in which we may be received, the discussion somehow seems to have a way of following political lines instead of those in which business interests might be expected to express themselves.

Rarely do we, individually or through organization, declare ourselves upon questions of public interest in such a way as to result in any substantial benefit to the cause we serve, or in any substantial assistance to Government, in the solution of the problems with which it may be concerned.

It is a strange condition to find in a country built upon democracy—which always has been so proud of the democratic quality of its institutions—and so impressed with the merits and possibilities inherent in these institutions.

Healthy, normal, sturdy self-assertiveness, it would seem should constitute a predominant characteristic in our people. Not the assertiveness which is bumptious or destructive or which serves as a mere exhaust for the disagreeable which is in us, but a quality which is based upon an intelligent distinction by the mass of the people between muck-raking proclivities and other proclivities, which carry with them the thought of constructive assistance.

Of course, it would be unfair to assume that in all of this, Government, as we find it in operation, is not seriously to blame. To attempt to justify its position would represent merely a waste of time, but the purpose of this address is not to justify, or unnecessarily to blame, anybody or any institution, but rather frankly to deal with facts as they appear, in the hope of effecting an improvement.

Europeans More Democratic.

It is not particularly flattering to us, or to any democratic institution, to be forced to realize that in many of the countries of Europe to whom we do not concede our sort of democracy—the individual actually participates effectively in the activities of Government to an extent almost incomprehensible to us.

In Denmark the efforts of Government are guided and, indeed, almost directed by people's organizations, which effectively express the unofficial interest of the average citizen in the welfare of his nation. These organizations are not Governmental, nor do they take the place of Government, but among the institutions of the nation, they occupy a not less important position than do the institutions of Government itself.

In Norway, in Belgium, in Holland, in Switzerland, in France, and even in these other European countries in which the spirit of democracy is less highly developed, we find similar organizations of the people declaring themselves on public questions—taking a position as leaders in public thought—openly asserting their rights—guiding the efforts of Government—supplying information which Government may, and almost invariably does utilize in its operations—and even severely criticising Governmental tendencies and conclusions—if, in such criticism, is to be

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found the possibility of higher service to the interests of the people.

Accustomed as we are to the idea of Government initiating action without necessary reference to the wishes of the people, it is difficult for us to realize how completely in countries like Norway and Denmark the activities of Government are dominated by the people.

In these countries and others of liberal tendencies, the movement which finally finds expression in law, almost invariably comes from below—from the people through their people's organizations.

Need of a Middle Ground.

These consultative bodies of Europe, as they are called popularly, express a class of public service sorely needed at present in our national life. The business man—the wage earner—the banker—the man in Government—all must realize the great national loss which has been sustained since the beginning of this war because we do not possess, or at least do not utilize fully, institutions which might serve as a comfortable middle ground upon which Government, business, labor, and all other private interests might come together and discuss the great problems of the present and future, which have been thrust upon us and in which all are so deeply interested.

But, someone might say in that spirit of self-sufficiency not altogether lacking in our people, we have organizations which serve these purposes the European organizations are said to serve so effectively. Then will be provided evidence showing that in the number of organizations—the size of membership—the elaborateness of equipment—the variety of purposes included—our country occupies first rank among the countries of the world.

We will be told that every year more than five thousand conventions, covering every department of national activity, are held in the larger centers and that no subject of national importance has the ghost of a chance to escape treatment at these conventions—and much more to the same effect—but still the criticism affecting these organizations and affecting the relation of business to Government have not been met.

All these things may be true. We have the organizations—they do possess the membership—they do include the service—their purposes are comprehensive—their intention, as far as they go, are excellent—but there is not one of them however great—or however well-intentioned, which means to our Government as much as the simplest of the European organizations referred to means to the Government it serves and supplements.

The essential difference is—that as far as relation to Government is concerned, the European organization has an accredited position—it has landed—Ours still are hoping for the time when a similar position will be theirs. The European organization, constantly is being called in by the Government for counsel—for suggestion—for assistance—for confirmation of theories—because to these Governments, this seems the natural and sensible thing to do. Our organizations, when they are allowed to approach Government, do so in a spirit of trepidation, of uncertainty as to the possible nature of their reception, and, all too frequently, of hopelessness concerning the possibility of favorable results.

We Lack Self-Assertiveness.

The European organization moves with the assurance borne of the certainty that its motives will not be misunderstood, and this regardless of what particular administration or what political party happens to be in power—ours still moves in the spirit of the individual already referred to, who sends the telegram to his Senator.

But the lack of a spirit of self-assertiveness is not the only thing which makes our business men's organizations less efficient in their relations to the Government than are those of Europe. The European organization represents business interests and the people—in a sense quite different from that in which the American organization of the same general class represents corresponding American elements.

In this country the organization of manufacturers speaks for manufactures—that of distributors for distributors—and so on down to the laborer. But no one of them possesses any effective power of representation with the Government or elsewhere, beyond that of one particular class.

In Europe, it frequently occurs that any one of these organizations, say, of manufacturers, is recognized as fully representative of every interest connected with the processes of manufacture down to the lowest grade of labor employed.

Is there any such organization in this country? How many private concerns of any importance have we in which the power of representation possessed by the management—covers any rights other than those interested in management?

It is doubtful if in our entire national industrial situation there is one community in which there exists in any well developed form, the spirit of a community of interest between wage earners and employers of labor as we find it, for illustration, in Switzerland, where in numerous cities, wage earners and their employers belong to the same organizations and constantly meet upon terms of practical equality.

American Business Must Wake Up.

Then, if in our conduct of the business of war, the principles of business are to be employed and the value of the judgment of business is to be considered,—business itself must wake up—must recognize the fact of its own importance and responsibility, must realize that it is the vital centre around which revolves the whole national life, and that upon its health and vigor and prosperity depend the health and vigor and prosperity of the nation, and that hand in glove with the protection of the interests of management must go the protection of the interest of the wage earner.

The effort of business men of the country, and of their organizations should be directed toward constructive assistance to the Government. But still the facts of the situation must be faced—the nation is confronted by a business emergency of deadly seriousness, and the only means whereby this emergency may be met successfully are those possessed by business.

Quite naturally, Government, if allowed to do so, will go on as in the past handling their war business situation in its own non-business way—making its mistakes—trying to correct them—losing time, precious almost beyond calculation—failing to benefit by the experience of France and England in similar difficulties—and improving its business methods or not—depending principally upon whether or not such improvement is demanded by the trained and experienced business judgment of the country.

The business man of this great business nation of ours should not be overly timid about directing attention to any present or future weakness of business plans in this war. It is nearly certain that when peace comes again business will occupy a position of importance in the world, not dreamed of in former times.

It requires no special effort to recall the time when the position of the business man in most countries was a far from enviable one, and when the business institution was tolerated almost as a necessary evil. In China and Japan, in both of which countries, the business spirit now is so highly developed, there was a time when "traders" received but slight consideration and enjoyed almost no political or social standing.

Importance of Business After the War.

In more modern times we find business fighting for recognition in different countries of Europe and even just before the opening of the war, it was not unusual in the self-constituted "best" circles to make contemptuous reference to individuals who were "in trade."

But this condition has passed, and when the countries of the world emerge from the war and contemplate the future, it will require no argument to convince them that the one particular available foundation upon which must be built their success,—is business.

The world will be filled with a class of necessity, which can be met only through the application of principles and methods which will be able to pass muster before the tribunal of sound business. Diplomacy will have learned that its break down in connection with this war was due in large

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part to its inability to see with the clearness which business gives, and to speak with the frankness which business demands.

Government will have come to appreciate the absurdity of attempting to administer the affairs of a nation upon any basis which does not include full recognition of the plainly written rules of business—and, everywhere, nations will see in business the best means whereby through fair play and square dealing world safety may be assured.

With whom shall we trade after the war? The air is filled with uncertainty concerning the world trade situation, and world trade combinations,—with which we may be concerned with the coming of peace. The need for an immediate and sustained effort looking toward the strengthening of our position in this connection becomes stronger and more apparent every day.

Our dependence in the future must be upon ourselves—because we are unable to decide upon whom else we may depend. The entire situation is filled with speculation. To what extent may we expect the benefit of preferential treatment from particular nations,—how great is the probability that preferential arrangements between other nations will operate to our disadvantage? How soon after the war will the markets of the Central Powers be opened to our products? How long after the war will it be before we shall be able to overcome our aversion to the enemy sufficiently to make it possible for us to trade in his markets?

Economic Rules Will Apply.

Who can measure the extent to which economic rules will control in this situation of the future. The laws of supply and demand. the laws which are based upon the location of mountain ranges, and oceans, and harbors, and agricultural districts—the directions in which rivers run—and the other natural factors which may assert themselves in international commercial relationships?

What about the neutral countries, what will be their after-the-war attitude towards us? May we hope that they will look upon us then as the protecting big brother—as the champion of the rights of small nations?—possibly,—but the conclusion by no means is certain.

It may be that after the war we shall be able to regain the favorable standing with these neutrals which we appear in some danger of losing, but in the present situation there are certain elements which tend to indicate a somewhat opposite position.

Of course and unquestionably our first duty is to win the war, and to win it as decent people in the world would have it won, but we should exercise care and forbearance and deliberation and vision lest in doing our part in winning it we should prejudice our after-the-war standing with these neutral nations unnecessarily and without proper bearing upon our interests or those of our allies.

These neutral nations must live, and trade,—and after the war will have friends and enemies and any embargo policy upon our part which would proceed upon punitive grounds only, and which did not include serious consideration of their point of view, and their necessities, and the difficulties under which they exist, would be short-sighted in the extreme.

If we embarrass them unnecessarily, not only will we develop the danger of adding them to the collection of cards which the Central Powers will be able to throw upon the peace table at the end of the war, but at the same time we shall develop the more serious danger of creating in their minds that most deadly of all disturbers of international friendship and confidence—the suspicion of bad faith.

We Must Prepare Now.

However unprepared economically we in United States may be for after-the-war world demands, we must not delude ourselves with the belief that we shall be allowed to operate in a world of economic unpreparedness. The other countries, our friends and foes alike, are making no mistake upon this point—they are giving full consideration to the exigencies of war, but they are not failing to include in every war plan, consideration for the exigencies, of the peace which the end of war will bring.

In England most elaborate preparations are being made whereby may be secured from after-the-war world trade, the substance which will be required in reclaiming and making safe the empire's position in the world.

In France a no less active and consistent after-the-war trade preparation spirit is being manifested. Japan definitely has abandoned her former position as a dispenser of novelties, and even now appears in the world's market of staples as a competitor which must be included seriously in the trade plans of all nations. Even Germany with its terrible war necessities and isolation from normal sources of supply is said to be keeping at high pressure the national machinery with which it hopes to regain at least its former position in world trade.

And what are we doing in preparation for the part we are to play in this world trade contest of the future? The world—as we know—is made up of nations which in this contest will be either with us or against us. Trade neutrality in that serious and stricken world to come is difficult to imagine.

The South's Cotton.

Do we know, or are we making any effort to find out what these nations—any of them—are doing to strengthen their after-the-war positions? What do you bankers, and planters, and merchants of the South know about the now well developed plans whereby in the Soudan, in Egypt, in India, are to be created great cotton growing areas to share with you in the markets of the future the supremacy your great staple of the South, King Cotton, has enjoyed for so many years.

Yes, I suppose this is an old story. This foreign cotton which is to compete with yours, but it may have an entirely new meaning when through the lessons of this war nations will have learned the desirability of national self-sufficiency and the folly of depending upon other nations, be they ever so friendly, for any vital element which can be produced at home or in controlled territory.

Where is our Ministry of Reconstruction? Who is taking stock of the resources with which we propose to meet the future? England, we are told, has more than one hundred special official committees scouring every corner of the empire, determined to locate and measure, and marshall the material power expressed in resources developed and undeveloped, upon which may be built a new after-the-war British commercial greatness.

Where are our means for securing the commercial information without which our facilities for world trade either must stand or else proceed blindly and without proper direction?

And even though we were ever so well provided with this information, and facilities for securing it, of what particular value would it be to us, being, as we are, without a single effectively active department, governmental or private, whose business it is to collect this information, and digest it, and classify it, and turn it to purposes which may represent value in this future which we are approaching so blindly?

We should not attempt to delude ourselves with the belief that even in preparing for the trade of the future, we shall enjoy an even start with competing nations. Substance, we shall possess—perhaps in greater measure than any of them but in spirit, in power of realization, in comprehension of difficulties to be expected, the advantage very distinctly will be with them.

Other Nations Experienced.

Their past has been filled with world trade problems which have not yet come to us in serious form. The greatest commercial power of all time, that of Great Britain, was built upon a foreign trade. France, for many years has supplied the markets of the world with luxuries, and at all times has treated her foreign trade situation with such skill that at the beginning of the war the French product found itself upon the market almost without a competitor. Even had the foolish Prussian dream of world domination through war succeeded, it hardly would have been greater than the world domination through trade which she had so nearly secured.

We, in the United States, are only yet on the threshold of world trade and it will require all our war conferred advantages and every possible effort to protect our national interests in that contest which so surely will come.

But there is another, a brighter side, to this picture

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of our national economic situation. Clearly government has not utilized the war possibilities of business in such a way as to secure nearly their fullest value for the national cause—and it is equally clear that business, in failing to demand a larger and more effective participation in the business activities of war, has not performed its full duty—although both government and business have contributed magnificently to the war-awakening of our people.

We're in War to Finish.

At last we know that we are in war and in to the finish. No longer do we question the fact that it is our war and that in it our destinies are inseparably tied up with those of the nations with which we are allied. We have developed the spirit of service and of sacrifice, and unselfishness, and the fact that from now on America must bear the greatest part of the burden fills us not with alarm but with pride.

Our people are being drawn closer together—a spirit of nationality is developing. The issues of patriotism, of citizenship, of loyalty, of duty, each day become more sharply defined and upon every hand we find unmistakable evidences of national health and vigor and definiteness and solidarity quite unknown in the peaceful, easy American which now appears so far behind us.

Our national house is being put in order rapidly for the demand of that future which we visualize none too clearly. We can not think of foreign trade as an American institution indispensable to full national prosperity.

We are discarding national fictions rapidly—coming to learn that national resources possess value in an emergency only when coupled with the element of availability and that a nation is powerful only in comparison with the power of other nations.

We have learned something about production—we know now that in a great emergency like the present the power to produce is the measure of effectiveness of a nation.

Of economy too, we have learned something. We know now that there is an economy which conserves and one which kills. We know that price fixing and regulations and adaptation, all vitally important, if properly utilized,—lose all their power and usefulness if allowed to check even by ever so roundabout a process, the volume of production demanded by the needs of a situation.

In the strengthening and mobilization of resources, wonders have been accomplished. Commercial credit which for years has been treated in most unscientific and wasteful manner, now is being made the subject of careful study and investigation by associations of business men and by private concerns in all parts of the country.

Open Account Obsolete.

The doom of the antiquated, illogical and uneconomic open account has been sounded and the acceptance—Trade and Bank, Foreign and Domestic is asserting itself as the proper means whereby the vast volume of national wealth concerned in the merchandising of the country can be made to represent its proper value among the economic defenses of the nation.

In this emergency, so filled with danger, and also with possibilities, we have no choice but to act and to act promptly. The pace has been set for us and we must quicken each national impulse to keep step.

The issue is squarely before us—we cannot avoid it if we would. We are in war—our war—a war in the ending of which we must play the leading part. In this issue is involved everything we have and all we are and all we may ever hope to be.

There must be no holding back—no respecting of fictions—no sparing of feelings—no reckoning of cost. Men and wealth and institutions must give and serve and sacrifice, and all to the end that victory, true victory, may come and truth and right be vindicated with our position before the nations justified and the world made a cleaner, better, safer place in which men may live. (Applause.)

THE PRESIDENT: Mr. Pierson, on behalf of the Association, I wish to thank you for the splendid address with which you have favored us, and I assure you it is very much appreciated.

Just at this juncture I wish to introduce to you a gentleman who has rendered very distinguished service to his country and to Texas, a man whom you all know, and those of us who are actively engaged with the work in which he is engaged will testify as to the merits of his activity. He has a splendid organization, and he is very aggressive, sometimes unpleasantly so. This gentleman I now have the pleasure of presenting to you—Mr. Louis Lipsitz, State Director of the National War Savings Committee. (Applause.)

War Savings

By Louis Lipsitz

BECAUSE of the economic condition of our country at this time and the vital necessity of a sound policy of War Finance and because of the potential good it is possible for you to accomplish, I am brave enough to appear before you today, not for the purpose of advising you, because I would not be so presumptuous, but to present to you a few thoughts in connection with the War Savings Campaign, as outlined by our very efficient Secretary of the Treasury. You all know that the government authorized the issuance of $2,000,000,000.00 worth of savings and thrift stamps. Of that allotment $91,000,000 is to be absorbed by the people of Texas. That seems indeed a huge sum, and it is, but when properly divided among the counties of Texas it is not so great a sum but what we will reach it with your co-operation. In Texas we have 1623 banks. Be it said to the credit of the bankers of Texas that 1598 out of the 1623 banks have signified their desire to co-operate with the Treasury Department in offering for sale these war savings stamps. I am here to thank you for this splendid co-operation upon your part, but to beg of you not only to be willing to sell the stamps, but to urge the sale of them to your people. And in doing so I am urging it at this moment not along patriotic lines, but as a cold business proposition, because I firmly believe the county planting the greatest number of war savings stamps will have in the years to come the greatest prosperity. The planting of $74,000,000, which is approximately the cash value, will bring on January 1, 1923, $91,000,000 to Texas. It is possible for you to accomplish very much good by urging the purchase of these stamps upon the part of your people. We need to save more than ever. We have always earned sufficient money. We have not secured the full benefit from our resources, limitless as they are. Consider that during the past year perhaps approximately 21 per cent of our tillable soil, growing crops for us, produced for us $768,000,000. Just think what a huge sum would come to us if we but doubled that figure. And we had less than 50 per cent or, say, 42 per cent of our area earning for us. But we have earned in addition to that, from under the ground and on top of the ground a huge sum—many, many millions of dollars. The trouble has been that we have not saved a sufficient sum from our earnings, but a large part of it has gone to the other states of the Union and across the ocean for things non-essential, and at this particular time we need to save as we have never saved before. I beg you, therefore, to urge upon your people to take these stamps. I will call them rain checks, redeemable by your government on the 1st of January, 1923. I urge you to do this so that the purchasing power of the government will have free sway in the purchase of things our government needs. We are rendering a great service in that we are not competing with our government, but we are transferring our commandeering power to them. We will have the benefit that will come from winning the war, and in addition thereto, we will have our money and the interest thereon. In addition to that we will have changed the habits of our people to a material extent, and we will not only have the benefit of our savings for the current years, but in the years to come. Our money has been leaving our state in large sums, very conservatively estimated, I believe, at the rate

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of $200,000,000 a year. We need to build more factories in our state. We need more capital for our farming interests, to the end that they will increase their output. We need not hope for this capital to come to us from other places, nor is there necessity for our desiring the same. We have the God-given ground, and natural resources. We have the ability. We have the energy. We have lacked in the past only the necessary capital. Let us mobilize our money power as we have mobilized our men power, and get the benefit of our resources by saving. At this particular time we shall not attempt to build factories or large industrial plants except those necessary for turning out products necessary to win the war; but by saving now and accumulating our funds we hope at the maturity date of these stamps the war will have been won, and victoriously to us, of course. Not only will we have the money, but we will be able to build these things necessary to keep the larger portion of our capital here at home. Think, gentlemen, of the preposterousness of our sending our cotton to the New England States, there to be spun and woven into cloth, and returned to us here. Think of the wood of our forests going to Michigan and the other states, there to be made into furniture, wagons and things, when we can bring the factories here and use our products here. Are we going to continue along this line always? Is it not necessary we should save from our earnings a sufficient sum to build for the needs of our own state? If there was ever need for savings, it is now, and I beg of you to help your government at this time, not only in a passive way by having the stamps on sale, but in an active way by urging upon your every customer the necessity for saving, the necessity for buying to the fullest extent of his ability, for his own good as well as for your own. By planting these securities in your community you will not only insure your present deposits, but you are certainly building the nucleus for future deposits. In New Hampshire the savings deposits on a per capita basis are $248, and in Texas they are $4.59. If we had been saving as they, our deposits would be increased today by $1,100,000,000 and this increase, if equitably distributed among the 1600 banks of Texas would mean $700,000 per bank increase in deposits. Just think of the huge sum that is leaving our state taken from the result of our earnings, the result of our brain power, the result of the products we are able to produce. I beg you to think carefully of this, and I urge that each of you return home and push vigorously this campaign. Our country calls upou you to do it. The boys in France call upon you to do it. I beg you to help us in this campaign. It will help you. It will help our government. It will help us all. I thank you. (Applause.)

THE PRESIDENT: His talk is just as snappy and effective as the work he is doing, and we all know what that is. (Applause.)

Next on the program is an address on "The Trade Acceptance and the Country Banker, by A. E. Sweeney, Cashier of the First National Bank, of Ladonia, Texas, whom I now have the pleasure of presenting to you. (Applause.)

MR. A. E. SWEENEY: Mr. President, Ladies and Gentlemen: After hearing these inspiring, instructive and patriotic addresses this morning, I came to the conclusion that the work-a-day problems with which my address deals ought not to appear on the program this morning, and I requested the Chairman either to defer my address until tomorrow, or allow me to take advantage of a rule which Congress has, under which a member may obtain recognition from the chair, state the nature of his speech, and have his remarks extended in the Congressional Record for home consumption. If we had such a rule which he assures me we have not, I would now ask your permission to have my remarks printed in our Texas Bankers Record. When Mr. Pierson announced that he was not going to talk on Trade Acceptances I was reminded of a story of a negro who wanted to join the Aviation Corps. He confided in a friend his ambitions, and this friend says: "Why, Sam, you don't want to join the Aviation Corps." He says: "Yes, sir, indeed I does." He says: "Why, Sam, you would have to go up with a white man." "Yes, I know that." "And, Sam, when you got up about 4,000 miles in the air the machine would stop and that white man would say: 'Nigger, get out there and crank this machine.' Then where would you stand?" Well, I have not any place to stand after hearing these addresses this morning. I had depended entirely upon Mr. Pierson to instruct us in the mysteries of the Trade Acceptance. In fact, Mr. Philpott, when he asked me to talk to you this morning, did not even say that I was to talk about trade acceptances. He said he wanted me to tell you how we got our cotton accounts past the examiner, and that is the nature of my subject. (Laughter.)

Mr. Lipsitz assures me that if you talk as far from the subject as possible the address is all right, and that is the latest style of talking, and you may be assured that my address is very stylish. I am not even going to take up the trade acceptance as a national medium for the extension of credit. While I realize that we country bankers are and should rightly be vitally interested in any matter that pertains to our national system of credit, at the same time I feel my inability to instruct you in the trade acceptance, and all I expect to do is to try to tell you how to obtain these excellent credit instruments for transaction in our own localities.

Trade Acceptance and Country Bankers

Address by A. E. SWEENEY, Cashier First National Bank, Ladonia

THE standpoint of the average country banker on Trade Acceptances is nationally limited to the use he or his customers have had and might reasonably expect to have with them. In our bank, and I consider that we have an average country bank, we have had use for them only in handling cotton and cotton seed accounts. I cannot see where we can expect a very large volume from any other source. The credits of our communities are mainly extended to farmers who are in position to pay only one time in each year. But we can find use for Trade Acceptances in handling our cotton accounts. We have had use for them other than in getting such accounts past the watchful eye of the examiner and can see benefits that might not have occurred to you. In order to intelligently present such use and benefit I shall briefly review the record and history of such accounts in our bank and from my own experience. It may not have occurred to you that the Trade Acceptance could have any bearing on War Financing. We have had one instance in which they helped secure a subscription of $40,000 to the Second Liberty Loan.

I have had seventeen years experience with cotton and cotton seed accounts. At the beginning of the period they were carried as overdrafts without regard to the loan limit of the bank, either statutory or otherwise. They were regarded about the same as bank balances, only more desirable, on account of the additional profit derived from them. It has happened in our bank that these cotton overdrafts exceeded our individual deposits. Usually, these overdrafts were self-starters. All our customer had to do was to push his pencil against a check book and the overdraft started running.

Under such a loose arrangement, it was possible for our customers to check on his account for anything he wanted and we had no way of knowing whether our money

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was being used for legitimate purposes, to speculate in futures, to buy hoopskirts or what not. At the end of the season we might have had the bag to hold. Of course, we made rigid investigation of the cotton accounts we expected to handle and required the oil mills to furnish us with a statement at end of each season. We were handling in about the same manner as other banks and thought we kept them as safe as possible.

The Dangerous Open Account.

We only had an open account which showed the amount we claimed such customer was due us. This account was bearing interest usually through verbal agreement or custom. If suit had been necessary, jurisdiction would have been in our customers county, with additional expense. There was not even provision for attorneys fees. We never had any difficulty in proving the correctness of our accounts and fortunately had no suits, and no losses that could have been prevented if we had been using Trade Acceptances. However, it now seems a species of insanity that we would surround our smaller loans with iron clad provisions for protection of the bank and lend large sums carelessly. The banks were not wholly to blame. These cotton overdrafts were permitted by the examiner. Very little criticism came from the Comptroller. They must have thought them a necessary evil as all banks in the South were handling cotton accounts in about the same manner. In the absence of a practical or beneficial substitute, nothing could be done without seriously injuring the South. The marketing of our crop required large sums of money during short periods. It could not be done if the banks were confined to their statutory loan limits. Consequently, we were permitted to violate the law.

A few years ago, as you will remember, the Comptroller advised all banks that overdrafts must be discontinued. We didn't take it seriously at first. We knew that our cotton had to be handled and thought that there was but one way to do it. It was a custom that had become firmly established and years in the making. It is obvious that such a custom did not die easily nor submit to replacement without a struggle. We made no effort to change until after one examination, the Comptroller wrote us that we would have to take bills of exchange for all cotton and cotton seed paid for in excess of our limit. He also stated that we would have the pleasure of a visit from his examiner every thirty days unless we promised to meet his wishes. We promised. We took bills of exchange instead of checks and carried them like overdrafts except we put the accounts on the general ledger. The kind we used then and up until last year were those familiar drafts with red complexion, payable on demand. They were supposed to be signed by the seller and accepted by the buyer but in practice a great many of them were signed by us in the bank. We knew that we could not hold the drawer of a demand draft any longer than it required to present the draft. We used these bills of exchange because we had to. We did not consider them any safer than overdrafts. In fact, they were not any safer the way we carried them, only they were a lot more trouble. Each succeeding examiner would tell us some new way to handle them and we got to where we could not get them by unless they changed examiners. We still only had an open account without any benefit for our trouble. Neither the examiner, our customer nor ourselves considered them a binding obligation. The customer and ourselves still spoke of them as overdrafts. We couldn't see where the bank was any better off but we thought we were complying with the law.

Old Bills of Exchange.

We did not know these bills of exchange were Trade Acceptances, in fact, if not in form. The only use we ever had for them was as a substitute for overdrafts. Although they constituted a large percentage of our loans, we had always managed to get by without using or attempting to use them either for rediscount or as collateral. At the beginning of this last cotton season, however, you will remember there was a great deal of talk about a blockade on cotton—that the buyers would not be able to ship any cotton on account of lack of cars. This was a condition unprecedented. We knew we could not pay for much cotton at the prevailing price unless we could get some money on the cotton paid for. In discussing the matter with an official of the Federal Reserve Bank and particularly with reference to our making some use of the credits arising from these cotton sales, I was informed that the sale of a bale of cotton by the farmer

A. E. SWEENEY.

and the sale of a ton of seed by the ginner to the oil mill constituted a commercial transaction just as much as the sale of goods to the retail merchants by the wholesaler or jobber. That a Trade Acceptance taken to cover the transaction, if in compliance with the law as to form, would be eligible at the Federal Reserve Bank, if maturing within ninety days from date offered for rediscount. They also informed us that they would discount such instrument up to any amount which, in their judgment the security or credit standing of either the acceptor or drawer justified. The blue sky was the limit. This fixed matters alright and was my first intimation there could be any benefit to the bank from bills of exchange. We looked upon them from a new viewpoint and had more respect for them. We had explicit faith in the soundness of the functions of the Federal Reserve Bank. This great system has been the balance wheel of credits and the actual salvation of our financial institutions. As fiscal agent for the United States Treasurer, it has done more than any other one thing towards that victory which will presently be ours. We knew the high class of requirements for paper to be eligible at that great reservoir of credit. When we considered the fact that we had possessed a large amount of such paper and had allowed it to remain frozen through negligence, we felt very foolish indeed.

We secured an approved form of Trade Acceptance from them and determined to put our cotton and cotton seed accounts in good shape. Of course we had some trouble but the bills of exchange had smoothed the way. We didn't have any trouble with the seed accounts. Most ginners will sign anything to get the money. The farmers would shy a little about signing the form we used. It looked too much like a promissory note. Some of them we did not get signed but we didn't sign them ourselves as they were legal and binding. These cases were rare. How-

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ever if it had become necessary to claim liability against the bunch who did sign our acceptances as sellers, I would have preferred being in the trenches enjoying the peaceful life of a soldier during a heavy bombardment. There would have been something doing. In order that this contingency might not arise, it made us have a tendency to watch our step.

Farmers Must Do Part.

It may seem a great injustice is done the farmer without any compensating benefit, for him to have this contingent liability after he has sold his product and for him to have to depend on the sagacity of his local banker for protection. But in the absence of an amendment to Section 5200 National Bank Act which would permit the banks to lend in excess of present limit upon promissory notes when secured by commodities, the Trade Acceptance is the only legal way for the buyer to have sufficient credit medium for his business requirement. Without this credit facility, the buyer would be handicapped but the farmer would have to suffer the loss through lower market. So the farmer is paid for the use of his name through higher prices for his product. The banks would prefer lending direct to the purchaser. If the farmer wishes to avoid this contingent liability, he should assist us in having Congress pass the amendment to Section 5200 which is now before them. Until this is done, it is to his interest to furnish the buyer with Trade Acceptances.

Demand and sight drafts, although passed by some examiners, are not Trade Acceptances. Legal Trade Acceptances must be payable at a fixed or determinable future date. This future date should be sufficiently far off to cover the time consumed in the process of shipment. Federal Reserve Board Regulations, Series 1917, defines a Trade Acceptance as "an unconditional offer in writing signed by the seller on the purchaser of the goods sold, requiring the person on whom it is drawn to pay, in the United States at a fixed or determinable future time, a sum certain in dollars to the order of a specified person and accepted by such purchaser." In order to be eligible at a Federal Reserve Bank, it must bear prima facie evidence that it arose from a commercial transaction or the Federal Reserve Bank must satisfy itself of the fact. In addition to these necessary requirements, our form provides for interest, for attorney's fee and a waiver of demand, notice and protest from all parties concerned. A Trade Acceptance on such a form is as good as a promissory note and I can see no reason why we should lend to the cotton buyer in larger amounts with perhaps less security and take less protection than we require from other customers. In addition to the improved legal qualities, it is to the interest of the bank to carry their cotton accounts on these forms. They are eligible at the Federal Reserve Bank and it encourages the use of them by a preferential rate of discount. Usually this rate of discount is about the same as on paper secured by Government bonds. At present the rate is about one-half per cent under that of other commercial paper.

Benefits of the Acceptance Plan.

It is not surprising that we bankers of the South did not discover long ago these bills of exchange taken from cotton men and oil men were in reality Trade Acceptances and that we held in our hands these excellent credit instruments so ably urged upon the country by financial experts. I had read a great deal on Trade Acceptances. I had not connected them with our bills of exchange for the reason that no one ever suggested the use of Trade Acceptances as a substitute for cotton overdrafts. They did not even mention them as system by which such accounts could be gotten by the examiner. All the Trade Acceptance information I received dealt with the problem of the wholesaler and jobber, replacing the open account due them by retail merchants and contemplated the discount by banks of Trade Acceptance upon the credit of the drawer or seller with the added credit of miscellaneous acceptors. Our cotton bills of exchange, Trade Acceptances, or whatever they were then and are now, constitute loans exceeding our limit to the acceptor or purchaser and the additional name of the seller, if considered at all, usually adds very little financial aid to the paper. And even now, after having successfully used Trade Acceptances and considered their various features, I believe that, aside from the improved legal qualities, the advantage to the average country banker is about equivalent to that derived by the wholesaler or jobber who replaces his open accounts with an admitted obligation available as collateral or as a self liquidating instrument for rediscount.

So, instead of having a lot of money tied up in open accounts, payable theoretically on demand but actually not available until liquidated by the sale and shipment of the commodity for which they were used in payment we found we could convert these open accounts into prime eligible paper and do so at the time of year when we had the least amount of such paper. All our best paper matures or is paid off during the cotton selling season. Heretofore, we have also had least use for eligible paper during this same time, but we cannot tell when an emergency may arise making such paper very desirable.

We found such to be true as it enabled us to perform a patriotic duty. On the Second Liberty Loan we had sold about $40,000 of bonds to our customers. In order for our town to make up its quota, it was necessary for our bank to subscribe for about that much more. We had a lot of money loaned on cotton and cotton seed, with heavy payments for more anticipated. If we had not had these accounts in the form of eligible Trade Acceptances we would not have felt easy about taking on this additional obligation. We could not have experience the pleasure of serving our country in its time of need. We subscribed more than our quota, and although we did not have to use the acceptances, we knew we had them and where we could get the money, if necessary.

Feeling of Confidence Worth Much.

This feeling of confidence is a great benefit to country bankers, especially, and it justifies our membership in the Federal Reserve Bank. This feeling of ease is an intangible asset which we would not now be without. In addition to mobilizing the dead reserves of our country, the Federal Reserve Banks were established for the purpose of making bank assets more liquid. By creating a market for the commercial paper, they make it possible for a bank to obtain a deposit credit or currency in exchange for eligible paper, and the bank in turn can satisfy the needs of its customers. It would appear that the success of the Federal Reserve Banks is dependent to a great extent upon the form into which the credits arising from sales is placed. The withdrawal of funds for Government use and expansion due to the war has increased rediscounts and made eligible paper more desirable. If we Southern bankers continue the practice of tying up about two billion of dollars in frozen assets for four or five months of each year, that could be made liquid, we will not be in position to perform our full duty to our Government during the war and we will materially hinder our country from retaining its financial supremacy after we have won a victorious peace.

I have read somewhere that "wherever credit exists there is bound to be an element of risk and a change of form will not eliminate that risk." This is true. I believe, however, that the adoption of a good form of Trade Acceptance in handling our cotton accounts and strict attention to the fundamental requirements, will tone up our business practice and minimize the risk. By the use of Trade Acceptances in this manner, we can receive all the advantage urged for their national adoption and I can assure you the trouble in getting such accounts past the examiner will be entirely eliminated. (Applause.)

THE PRESIDENT: Mr. Sweeney has given us a very practical explanation indeed of the trade acceptance with reference to its use by country bankers. Just at this juncture I want to present to you another distinguished citizen of Texas, who is rendering great and patriotic service to his country. I esteem it a great privilege and pleasure to present to you Mr. E. A. Peden, State Food Administrator for Texas.

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FOOD AND THE WAR

Address by HON. E. A. PEDEN, Federal Food Administrator for Texas

MR. PRESIDENT, Ladies and Gentlemen: With your permission I will stand down here in front, because after long experience I have found it is a pretty good idea to be close to your banker. If you cannot hear me in the rear, please call out 'Louder" and I will do my best, because I have a message that I am anxious for you to hear. But please do not say, as our friend Oscar Wells once told upon himself: "Louder and funnier," because I might disappoint you. (Laughter.) The fact is, ladies and gentlemen, the subject of food for our soldiers and our allies is so important and so serious that I often feel that meetings where it is to be discussed might appropriately be opened with a prayer and closed with a benediction. We say that "Food will win the war." A great many dispute that, but this is true: If food will not win the war, then, certainly, ladies and gentlemen, we cannot win this war without plenty of food, so distributed as to be where needed, when needed. It is not merely a matter of production and conservation, but also of distribution and transportation. The transportation is a problem which all of you know has worried us very, very much. By degrees, however, we are about to turn the corner, we are shortly to increase our shipping capacity faster than the miserable submarines can sink it. I assume that all those here understand fully and thoroughly the war activities and necessities thereof. I assume it would be worse than useless, and certainly foolish on my part, to attempt a patriotic speech. I could not deliver one if I tried. My ambitions for college and for oratory had to be laid aside long ago when I found it necessary to abandon those plans and come to dear old Texas, to study in the University of hard knocks and experience instead, and somehow I have never regretted the change.' (Applause.) However, I never appear before an audience like this without serious embarrassment, realizing what a benefit to this work I am undertaking it would have been if I could have had a liberal college education in those days before it was too late.

You, of course, understand that the Food Administration is essentially a war institution. It exists only for and during the war. You know of the national organizaiton, at the head of which Herbert Hoover stands. I have had the pleasure and the very great honor of meeting Mr. Hoover several times, and I think it not amiss to say to you gentlemen and ladies .that if I am any judge of human nature Herbert Hooves is a true, pure man, an earnest, consistent, patriotic, christian American. (Applause.) I am proud to serve under the command of such a chief. He has no selfish ax to grind, and he like many of those who are volunteers in his volunteer system have just two ambitions, first to serve their country well and efficiently while the war lasts, and secondly, when it is over to be free to return to their professions and avocations. I have not met a state administrator in whom I could see any signs of an attempt to use his position as Food Administrator to boost his own personal program for political purposes later. I do not believe we have any such, but I do believe that they are all honestly trying to the best of their ability to get this message across. That is one of the reasons I was so delighted and pleased when your President saw fit to send me a telegram and invite me to come and speak with you this morning, because I need you to help me get this message across. It is getting across remarkably well. I am proud of Texas and the record she has made so far. Perhaps you will be interested, and I will endeavor to be brief, because I know the lunch hour is nearly here, to know a little about our Texas organization, with headquarters at Houston. It consists, of course, of a State Administrator, the first assistant administrator, and directors of various departments including perishables, groceries, hotels and restaurants, education, organization, transportation, miscellaneous activities, into which department we throw different subjects until they get big enough to stand alone and be placed in a department by themselves. And last but not least we have a legal and enforcement department. I am sorry to say that there is any necessity for such a department as that, but there is. It is with us and is going to stay with us, because, ladies and gentlemen, it is our desire to protect the 90 odd per cent of red blooded, patriotic, willing workers, who catch step and fall in line with us, against that less than 8 per cent minority, who are always hanging back and wanting to hog the situation. (Applause.)

Not to Interfere with Business.

I want to say to you, and I want you to tell your friends and neighbors that the food administration does not want to interfere with anybody else's business. They do not want to spoil anybody's business. They want to encourage business. They wish to discourage unnecessary inflation and speculation. But they do feel that those merchants, manufacturers, bankers and consumers, who are willing to come forward with us and do their duty whenever called, whether it be by a mandatory order, or merely a request from Washington, should be protected. I say after careful observation that I believe 90 per cent or more of our Texas people are in that attitude, almost 100 per cent perfect. We believe that large majority is entitled to protection against those who want to take advantage of the situation, and as a result of our efforts in that direction you have probably noticed from time to time that the licenses of some merchants and others have been either temporarily revoked or definitely cancelled. It is our desire as a rule not to cancel a man's license, but when punishment is necessary to make it for a brief period, with the idea of handing him back his license if he falls into line. This license system, ladies and gentlemen, is one of the most potent factors of the food administration. It is a very simple matter. It is a mere "scrap of paper," in a way, but we all respect it. Anyone wishing a license under the food administration has merely to write to the United States Food Administration, License Department, Washington, and the license is then sent without a penny's cost, but if the licensee fails to study and read and keep posted, and live up to the requirements of the food administrator, we have the enforcement department to reach over and take this license back. But we do not do that until we give the offender a fair warning and later on a fair hearing. So, if you ever hear anyone complaining that they have been taken advantage of in that respect, just know it is not true, because, as I say, they all have a fair warning and a fair hearing before a license is revoked, or before any supplies are shut off, because we have a way of reaching those who are not licensed by shutting off their supplies from those who are licensed.

Work of the Administrators.

Very briefly I want to refer to some of the work that the food administration, with the co-operation of various other organizations, has accomplished. The first was our pledge card campaign last October, when some 400,000 good housewives in Texas signed pledges assuring the government of their willingness to co-operate. The second large matter, perhaps, was the undertaking of the feeding of the starving cattle in the drouth area, with the co-operation and assistance of the cottonseed crushers. I wish I were able to pay to those cattlemen and to those crushers the tribute they deserve for the way then got together on the 15th day of last December, willing to

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give and take, willing to make concessions, and willing to get together on a middle ground, whereby we are told that perhaps the lives of a million cattle were saved last winter, enough meat, I am told, to feed a million men on the front for a year. Wasn't that worth while? (Applause.) Then we have gone forward with a food and feed production campaign under the auspices of the National Council of Defense, and the Department of Agriculture and A. and M. College and the Governor, all co-operating together. One result of that campaign was the signing of 139,000 cards by people agreeing to plant gardens, and we attach to that enormous importance, because we are told that since the war began Germany has been feeding herself to the extent of about 33 1-3 per cent with home gardens. A great work in that direction is being done, and it is being gladly and cheerfully done, to such an extent that we are having some complaint from the professional truck growers, because they fail in some cases to find a market, which markets are now being supplied to a great extent by these home gardens and some of the school gardens.

I might tell you also of the big onion crop down in southwest Texas, where we were advised that something like 8,000 carloads of onions would be marketed this year, and under the co-operation we were able to secure from Washington, from the Bureau of Markets, and from Mr. McAdoo's department, I am glad to tell you that they have had more cars than they needed. I put the matter up to Mr. Hoover, and I said to him: "The farmers have kept their pledge. You asked them to plant crops. This is one of the very first crops, this and the spinach crop around Austin to come on the market. Let us make good. Let us get them the cars. Let us help them to find a market." We did, and we hope that will be proof of what the administration is willing to do in the future, because, if this war lasts on into the next year and later, as the evidences are that it will, then we will still be wanting our farmers to plant crops another year, and we do not want them, when planting time comes, to point to our failure to help them with the proper shipping facilities and the proper marketing facilities. I might refer in the same way to the work we are doing to save the crop of Irish potatoes that Texas has raised. We are going to see that they have the cars, and that they are properly shipped. And we are placing in these different markets where these crops are coming on state inspectors and later we may have federal inspectors and they examine these cars as they are loaded, and give written certificates of grading and loading, which the farmer may attach to his draft, together with his bill of lading, and be sure that he gets justice at the other end. In addition to that, when cars of our perishables are rejected in the north, as several have been in Chicago and in Pittsburgh, we wire at once either to the state administrator or to our enforcement department at Washington for relief, to see that the Texas farmer gets justice at the other end of the line.

I do not know, but it seems to me when this war is over, although this food administration will die automatically with the closing of the war, that we are going to evolve some things that ought to be retained, some improvements in our business methods.

Rules Governing Fishing.

I want to mention also the fact that after much effort we have recently secured from Washington new Federal rules and regulations governing salt water fishing, whereby the Federal Government steps in and establishes new rules and regulations, which we trust will result in a very short time in an increase of millions of pounds of fish which we are urged and asked to use as a substitute for beef, pork, mutton and other products. We feel that much has been accomplished in that direction, and I am glad to say that our State Fish and Game Commissioner is lending us his ready and willing co-operation. Those are a few of the things that we have done so far. There are many more. The food administration, however, has not accomplished these things alone. They have been assisted by those interested in the various war activities, including the Council of Defense, the Department of Agriculture, the A. and M. College, the Red Cross workers, and last, but by no means least, our wonderful ladies of Texas. (Applause.) We have never called on them in vain, and without their intelligent, efficient assistance we certainly could not have gotten nearly as far as we have.

Aims of Administration.

Now just a few words in reference to what we hope to accomplish, and a conservation that we are deeply interested in. I refer for the moment to just three essentials, sugar, meat and flour. We are asking everybody to confine their requirements of sugar for table use to three pounds per person per month. That is more than three times as much as they are able to get in France, but only half as much as we ordinarily use. In the past, in normal times, we have used seven to eight pounds per person per month. Now we ask you to use only three pounds per person per month. Then in order to take care of our growing crops and berries and fruits we are now issuing special permits for the sale of sugar for preserving and canning purposes, for a twenty day period. Those who want sugar can get the same by going to their grocer and signing such a certificate. Their word is taken and at the end of the twenty days they are requested to bring back any surplus amount of sugar that they have left over, and not keep the same for table use. But, to see the seriousness of the situation, not only in Texas but all over the United States a rationing card system is being inaugurated, which manufacturers who use sugar for the making of essentials and non-essentials must use. A public accountant, with the Chairman of our Grocery Department, has just evolved a plan for the Texas office that goes into effect today, in two new rooms, where we will establish three competent bookkeepers to keep up their records. So, when we feel that we need just a little more sugar, let us remember the pains the government is taking to keep a check on this supply, and let us also remember that when we take more than we are entitled to, we are virtually reaching a long arm across the sea and taking it from our boys in the trenches over there, and the starving Belgian babies.

Now, as you know, not so long ago we had meatless meals and meatless days, porkless meals and porkless days. Those have been done away with for reasons which have been explained through the press, but the plan is now inaugurated again under a new arrangement. These special days and special meals are not requested any longer, but everyone is urged to conserve meat, first by buying the same more carefully and more sparingly than ever before, second, by serving smaller portions, and, third, by seeing to it that not an ounce is wasted.

Question of Wheat Serious.

And then we come to the question of wheat. We are against a serious problem regarding wheat and wheat flour, until the next crop comes in. You all understand the situation and you know what Texas has done in that regard. I would like, however, to explain just how this plan of a wheatless Texas came about, that you may all know and pass the word along, to any who may see fit to criticise this effort on our part. When Mr. Hoover early in April stated that we must, until the next crop, cut down our consumption 50 per cent, and that word was sent out to our administrators—and I neglected to say a while ago that we have 15 district administrators in Texas, and about 243 county administrators, and roughly 3000 assistants and deputies, all working day and night in the handling of this important proposition—when we sent this word out from Mr. Hoover to these administrators, first of all old Grimes County rose up in her might and telegraphed us a resolution that they had passed, that if the boys and our allies over there needed flour that bad they would do without flour until the end of the crop. (Applause.) Other counties here and there caught the spirit, and these voluntary offers came to my office so thick and so fast that I wired Mr. Hoover, and told him about it, and said: "Do you think it advisable for me to ask Texas to go on a wheatless basis for thirty or sixty days?" He replied: "No, we are not asking that of any state, so we won't ask it of Texas. However, if Texas chooses of her own free will to do this thing voluntarily, it will be most welcome, and will set a wonderful

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example, and make my burdens in wheat conservation all the lighter." So then we sent out a questionnaire to these district administrators and county administrators, merely asking them to feel the pulse of the people and see what their disposition was towards this matter of putting Texas on a wheatless basis. And ladies and gentlemen, I am glad to say that not a single dissenting vote was cast against the proposition. (Applause.) The only thing was that some suggested thirty days, a few said sixty days, and most of them said until the next crop. So we put in them a plan of forty-five days, from April 15th to June 1st. Now, bear in mind Mr. Hoover's attitude towards the last proposition. Last week, realizing that our merchants would very shortly begin ordering their supplies for June consumption, I wired Mr. Hoover to know what the situation was, and whether he thought we should attempt to extend this period longer. In my pocket I have his answer, which briefly is: By all means, if possible, continue the plan until the new crop is harvested. (Applause.) To show you how extremely interested the government is in this wheat crop, last year we wasted approximately 18,000,000 bushels of wheat between the cutting and the grinding of flour, largely through ineffective gathering, threshing and marketing. This year we have all been invited to send representatives to Indianapolis, where they have studied wheat threshing machinery and rice threshing machinery, and they returned to my office day before yesterday and are now going forth in Texas, to attempt, as far as possible, to see that every binding machine and every threshing machine in the state is overhauled between now and the harvesting season. That 18,000,000 bushels of wheat, ladies and gentlemen, must not be wasted again this year. It is too precious. Our boys need it too badly.

Cotton and Cotton Seed Products.

Then the problem of handling our cotton and cottonseed products is already being considered. We had a visit about ten days ago from Dr. Denny and Mr. Hugh Humphreys, from Washington, where they met face to face with the cotton planters and ginners and the crushers to discuss their problems, and to devise ways and means for the handling of next year's crop, and establishing a proper differential on all the by-products. A similar meeting was held yesterday in Houston with Mr. Lekuenec of the rice department of Washington, and so the government is starting this year with all these matters, endeavoring as far as possible to lay our plans for the proper handling and the proper conservation and proper marketing, and correct and right prices of these stuffs for next year.

And just here it may be wise for me to call your attention to a matter where all of you can help us wonderfully, and that is the worst stumbling block that the food administration has today, perhaps, the high prices of substitutes. That has handicapped us very seriously. When we asked you to do without wheat flour, which you can get for six or seven cents a pound, and suggest that you use rice flour, for example, and you have to pay eleven to thirteen cents a pound, it does not look right, and it is not right, but the situation has been such that we could not correct it. There are dozens of other substitutes where the situation is almost as bad as the one I have just used, but we are starting now on that program, and we hope in a little while to bring about a material improvement in all of these directions. Our county food administrators are trying to do their duty. We know that you bankers are. But I would like for you to understand just this matter. When Mr. Hoover asked me to undertake this work I was bewildered with the problem of organization. I groped in the dark all the way home, wondering how I should start. I found by wire and by telephone and by investigation how others were doing it, but none of their plans seemed quite to fit the Texas situation. Most of them had no districts. Texas was too big to handle direct from one office. So finally we evolved the plan of dividing the state into these fifteen districts, the leading centers of the state, and of financing our proposition, which Mr. Hoover had asked us to handle on a voluntary basis just as far as possible, through Chambers of Commerce. And that seemed to us to be about the only style of organization to whom we could apply to finance a voluntary campaign of this kind. It affords me deep-seated, genuine pleasure to testify to the wonderful support that the Chambers of Commerce of Texas have shown to this movement. They have taken our food administrators under their wings, have given them desks, have given them office room, have given them signs, and in many cases they have supplied a special budget to cover their traveling expenses, and to see them through.

How Bankers Can Help.

But now, there are some of our administrators who are not quite so well off and when you bankers get home I want to ask this favor of you. That you look up those food administrators, look up our county administrators, our district administrators, that you will give them a pat on the back,—a word of encouragement from the bankers help us all,—and ask them, if you will, if they are being properly financed, and, if not, see if you cannot call together a committee of your representative men, and provide a little fund to take care of them through to the end of this campaign, no matter how long it may last, because at our meeting in Houston the other day all district and county food administrators, every one of them, without any dissenting voices, arose to their feet cheerfully, promptly, and gladly and pledged themselves to the service for the period of the war.

Of course, there may be circumstances which may make it necessary for some of them to ask to be excused before it is over, but we have an organization that we are proud of. We are going to try and hold it together. But there are times when we need encouragement, and as I said before, a pat on the back means more than that of a banker, unless it be those same good women that I referred to a while ago.

Now, I am not going to detain you longer. I just want to say this, that it seems to me we are in a most serious conflict. We are in a conflict to the end of which none of us can see. We are going to finish this fight and finish it properly. We believe that the hand of Almighty God is over all.

"He moves in a mysterious way,
His wonders to perform.
He plants his footsteps on the sea,
And rides upon the storm."

And so when this war is ended, we believe that it is going to be ended as he wants it ended, and if that good Lord in Heaven, when He sent the humble Nazarene down upon earth saw fit to disappoint the people, who expected Him to be an earthly King, then we must know what God's position is in this fight. We must know that if He would not place His only Son upon an earthly throne, He certainly will not place as King of this world a contemptible, egotistical, diabolical Kaiser. (Applause.)

THE PRESIDENT: Mr. Peden, we thank you for this splendid address. I now have the pleasure of presenting to you a gentleman from Minnesota who is going to address you upon "The Spirit of America." Mr. Nolan has come from Minnesota to talk to us upon this subject. He is a member of the Minnesota Legislature. I now have the pleasure of presenting him to you. (Applause.)

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THE SPIRIT OF AMERICA

An Address by HON. W. I. NOLAN, Member of the Minnesota Legislature, Minneapolis, Minnesota

MR. PRESIDENT and Fellow-Americans: I thank the president for his brief and gracious introduction. It is customary, of course, that a speaker be introduced, and it is seldom that a speaker is able to live up to his introductions. I know if I had conformed to all the introductions I have had in the past I would not be here today. I have been introduced on a number of occasions, by a great many different kinds of introducers. Ordinarily it is a local prominent attorney or minister. Not long ago I was introduced by an undertaker (laughter), and he evidently could not keep his mind off of his business, and in introducing me he said: "Ladies and gentlemen: We will now listen to an address, and when the services are over all those who so desire may be permitted to view the remains." (Laughter.) From this, however, I do not want you to get the impression that I am a "dead one."

You have had a lengthy program, and very interesting and instructive addresses and I am going to try, as far as possible not to make any remarks any too serious, not to make anything that I have to say this afternoon a strain upon your mentality. I sometimes think that the average audience, unless that audience is interested in hearing some one talk upon some subject that they are especially interested in, is not particularly positive about what a speaker has to say as long as he says it in an interesting manner. That is, I think the audience is in a respective mood, but somewhat indifferent as to the nature of the address. I think the attitude of the average audience towards its speaker is a good deal the same as that of one of our allies, a solid, stolid Englishman, of the walrus moustache and vacant stare, who dropped in to a soda fountain one day and addressing the bartender said: "I beg your pardon, sir, but will you give me a glass of soda without any flavor?" The bartender said: "Without what flavor?" "Without strawberry." "Well, we haven't got any strawberry." "Oh, is that so? Well, what flavor have you got?" "Why, we have got vanilla." "All right, give it to me without vanilla." (Laughter.)

Of course, I am not a banker. I cannot talk to you as a banker should. I am not a specialist in any line you might be interested in. As a matter of fact I do not know what I am. Not long ago I was introduced as a "politician, pure and simple." I do not suppose you ever saw a politician who was either pure or simple (laughter), but I presume that answered as well as anything else as an explanation of my occupation. A politician at least has to be adaptable. He has got to fit himself into almost any occasion. I know a couple of politicians in my county who were running for office during one campaign, who were campaigning the rural sections of the county, and one night they stopped with an old farmer who was a very influential man in that part of the county, and as they sat down to the evening meal they discovered much to their surprise that this farmer was somewhat religious, and it was customary in his family for every one before beginning the meal to recite from memory some verse from the Scriptures. Now, you can imagine the state of mind of these politicians. They knew they either had to make good or else lose the support of this particular farmer. So one of them strained very hard and finally he recalled the shortest verse in the Scriptures, and when it came his turn he said: "Jesus wept." The other one heaved a sigh and said: "He sure did." (Laughter.)

Now, my friends, I am very glad to be here. I have come a long way to get down here. I came from up near the Arctic Circle down here into the tropics. Of course, when I first got here I noticed some change, but I understand if I stay here long enough I won't feel any change. (Laughter.) I am placed upon the program at a time when you have listened to a long program. Probably many of you are anxious to eat, but I hope you will stay here until I get through. I am glad you are here. A speaker would be in a rather embarrassing position without an audience. I know one time I happened to be on a program at a convention. It was a rathed lengthy program, and when I had finished there was just one man in the hall. I thanked him for staying, and he said: "Oh, that is all right; I am the next speaker on the program." (Laughter.)

All American Audiences the Same.

Now, in looking this audience over I am impressed with the fact that it looks about the same as any other audience you meet in this country. All American audiences look alike, and that is not because there is a physical or racial resemblance, because as a matter of fact all American audiences look somewhat different. This might sound to you like a paradox, and it is. You can look into the faces of the average American audience, and it is almost impossible to point out anybody in that audience and say: "This is a typical American," because when you look into the faces of an American audience and see their physiognomies they remind you of all the people of the civilized world—the Celt, the Teuton, the Latin, the Slav, the Scandinavian, the Anglo-Saxon—because after all we are a people in this country made up of all races. And still at the same time you can easily recognize that an American audience is an American audience, because an American audience is always saturated with that something that we call THE AMERICAN SPIRIT. And after all this is the most necessary and vital force in our national life.

Sometimes we refer to it as Americanism. Now, Americanism is not a new term. It is one, however, that we have not used very much in the past, but it is a term that has recently been rediscovered. Even the politicians have found it out, and during the last campaign four of the five national political parties declared for Americanism. The only party that failed to do so was the Socialist Party. As a matter of fact during its last convention in St. Louis the Socialist Party adopted a platform that is decidedly un-American, and if this country should carry out the provisions of that platform we would withdraw from this war and leave the civilized world to the tender mercies of Prussianized Germany. So I am forced to agree with President Gompers of the American Federation of Labor when he says that the American Socialist Party is after all merely an appendage of the German Socialist Party, and it is just about time that the Socialist Party came into the Union or packed up its made-in-Germany theories and went back to whence it came. (Applause.)

Americanism above politics.

Americanism, however, is something that is above party politics. It is broader and more comprehensive than mere partisanship. It enters into every phase of our national life, touches every form of our activities, reaches into every corner of our broad domain. It is the true expression of the will and the purpose of our people, the unification of the thought, the energies, the ideals and the spirit that have made America. It not only has converted a wilderness into a land of unlimited wealth and highly organized industrial achievements, but it has established and made permanent a government based upon the consent of the governed. It has always maintained a high sense of national honor, and the true spirit of justice and humanity in all our dealings with other people. This country is recent years has been so busily engaged in developing the wonderful resources of the country and in talking about those things that make for material

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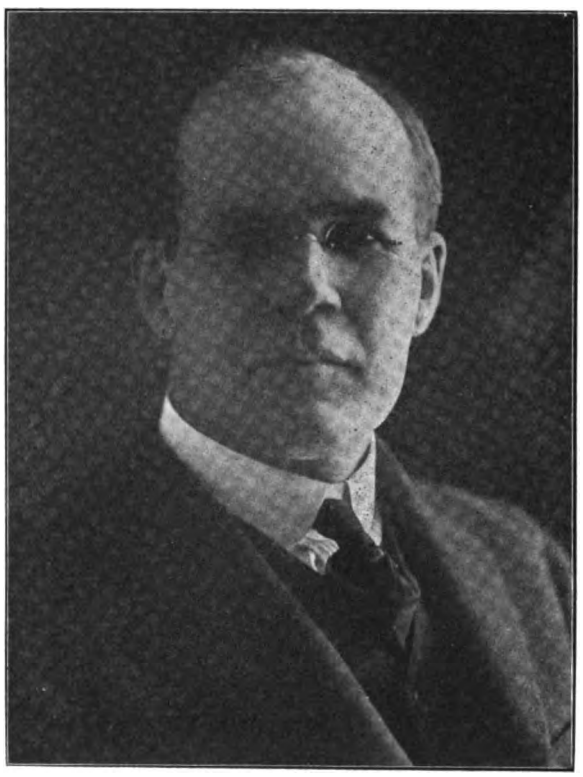
greatness that the world got the impression that that was the only thing that we were concerned about; that we were so interested in making money over here that we were deficient in a true spiritual vision. Even Germany got the idea that our only patriotism was a matter of dollars and cents, that our national honor was a joke, and that because of our selfishness, and because of the fact that we were divided among ourselves, it would never be possible for the American people to present a united opposition to German aggrandizement. Germany's failure to understand the real spirit of America is the most costly blunder that Germany has made. (Applause.)

And now that we are actually in this great war's conflict, willing to utilize all of our energy and all of our resources to win this war for democracy, now is the time when we must stop and take stock of ourselves, analyze ourselves, to find out whether all of these things we believe in are still within the hearts of the American people. And we find after this self-analysis that the American spirit is still pure and undefiled, and that within the hearts of the American people there is just as much a willingness to make a sacrifice for a principle as there was at the very birth of this Republic. (Applause.) Now for the first time in our history we have sent an army across the Atlantic, to fight upon European soil, and naturally we are interested to find out what kind of an impression they have made over there. It pleases our vanity to know that we have made good, that every American soldier is maintaining all the traditions of American valor and American honor, that our boys are going over there taking with them all the freshness, all the morality, and all of the independence of this young Republic of the West, and that Europe is going to get a better understanding of America than she has ever had before. It may take them a little time to know just what we are and what we mean, but they are going to find it out. I understand that behind the American lines over in France there is a French restaurant, and in that restaurant there is a placard which reads as follows: "English spoken here, and American understood." (Laughter.) Now, that is not surprising, because although we speak the English language we have moulded it and adapted it to our own uses, and to our own conditions over here, until some times it is difficult for an Englishman to know what we are talking about, especially if we use many idoms or slang phrases. However, our boys are taking these slang phrases over to Europe, and they are picking them up, especially our English Allies, and I understand one that they have taken a fancy to is our slang phrase "Beat it," only Tommy has changed it to "Hop it," or as the cockney says "'Op it." There was a certain English Tommy who was concalescing in a hospital after being patched up, and an old dowager was taking up a good deal of his time. I understand in the hospitals the soldiers are bored a good deal with old women, who have the best intentions, of course, and after this old lady had talked a great deal she said: "My good man, I have tried to make it very pleasant for you, and will you kindly tell me what your name is?" He said: "'Op it you old vitch." She said: "How extraordinary, evidently an Englishman, and with such a Russian name." (Laughter.)

After all, these little things only bring to our mind that this war is a human proposition. We some times get the impression that this war, because of its magnitude, because of the machinery that is used, is a war different from any other war the world has ever had. It is different in as much as it is greater in size than any other war, but after all it is a war of human beings, and the war is to be won by the human equation just as much as any other war was ever won, and to get a true idea of the armies who are fighting in Europe today you have got to get a human angle on them, and when you think of what our soldier boys are like just think of the boys you know here in your own midst. Think of them transplanted over into Europe and fighting for you. They are fighting the Huns, and they are willing to do it. But as they are in the trenches they have sometimes to fight other things that are not as easy. I understand a soldier in the trenches is not half as much disturbed by a possible Hun as he is by something that is smaller and more active, something that in the vernacular of the trenches is referred to as a "Cootie." A cootie is something that crawls and bites, and is pretty numerous, and one day a Tommy was being bothered by a cootie, and finally he located this particular cootie and reached for it, and as he did so it was necessary for him to turn his head to one side, and just at that instant a bullet came along



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and passed where his head would have been if he had been in a normal position. He looked at the cootie and said: "Blime it, I know blooming well if it hadn't been for you I would have lost my blooming head. I don't know how I can reward you. I can't give you the Victoria Cross, so I will just pack you back where I got you." (Laughter and applause.)

Literature and the War.

Now, of course, tons and tons of literature have been written about this war. We read as much as we can to try to get a picture of the war, to visualize it. We cannot read all that has been written, and I think most of us after all would rather hear a man stand up and talk who has been over there and had actual experience, even though he is a very ordinary speaker, than to hear the most eloquent gentleman in the world talk about the war from an abstract point of view. Of all the literature that has come out of this war I think the finest is found in a little book by Robert W. Service. Service first came into fame with his poems of the Yukon. He is now in France with the Amublance Corps and these little verses are actual human experiences, and are written upon the firing line. You will find them in the book of verse called "Rhymes of a Red Cross Man." These boys living in the trenches, with all their human experiences, are naturally dependent upon one another for what amusement they get, and anybody who can do something to entertain is always very popular. I will just give one of these poems by Mr. Service in which he describes a Scotchman, who was fortunate in the fact that he had a penny whistle, and the story is told by another Scotchman. He says:

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THE WHISTLE OF SANDY McGRAW.

"You may talk o' your lutes and your dulcimers fine,
Your harps and your tabors and cymbals an a',
But here in the trenches jist gie me for mine
The wee penny whistle o' Sandy McGraw.

Oh, it's: "Sandy, ma lad, will you lilt us a tune?"
And Sandy is willin' and thrillin' like mad;
Sae silvery sweet that we a' throng aroun',
And ome o' it's pay, but the maist o' it's sad.

Jist the wee simple airs that sink intae your hert,
And grup ye wi' love and wi' longin' for hame;
And ye glour like an owl till you're feelin' the stert
O' a tear, and you blink wi' a feelin' o' shame.

For his son's o' the heather, and here in the dirt
You listen and dream o' a land that's sea braw,
And he mak's you forget a' the harm and the hurt,
For he pipes like a laverock, does Sandy McGraw.

At Eepers I mind me when rank upon rank
We rose from the trenches and swept like the gale,
Till the rapid-fire guns got us fell on the flank
And the murderin' bullets came swishin' like hail;

Till a' that were left o' us faltered and broke;
Till it seemed for a moment a panicky rout,
When shrill through the fume and the flash and the smoke
The wee valiant voice o' a whistle piped out.

THE CAMPBELL'S ARE COMIN'; Then into the fray
We bounded wi' bayonets reekin' and raw,
And oh we fair revelled in glory that day,
Jist thanks to the whistle o' Sandy McGraw.

At Loose, it wis after a sconnersome fecht,
On the field o' the slain I wis crawlin' aboot;
And the rockets were burnin' red holes in the nicht;
And the guns were viciously thunderin' oot;

When sudden I heard a bit sound like a sigh,
And there in a crump-hole a kiltie I saw:
"Whit ails ye, my lad? Are ye woundit?" says I.
"I've lost me wee whistle," says Sandy McGraw.

"'Twas oot by yon bing where we pressed the attack,
It drapped trae ma pooch, and between noo and dawn
There isna much time so I'm jist crawlin' back."
"Ye're daft, man!" I telt him, but Sandy wis gone.

Weel, I waited a wee, then I crawled oot masel,
And the big stiff wis gorin' and roarin' around,
And I seemed tae be under the oxter o' hell,
And Creation wis crackin' tae bits by the sound.

And I says in ma mind: "Gang ye back, ye auld fule!"
When I thrilled tae a note that wis saucy and sma';
And there in a crater, collected and cool,
Wi' his wee penny whistle wis Sandy McGraw.

Ay, there he wis playin' as gleg as could be,
And listenin' hard wis a spectacled Boche;
Then Sandy turned roon' and he noddit tae me,
And he says: "Dinna blab on me, Sergeant McTosh.

The aul chap is deein'. He likes me tae play,
It's makin' him happy. Jist see his een shine!"
And thrillin' and sweet in the hert o' the fray
Wee Sandy wis playin' THE WATCH ON THE RHINE.

The last scene o' a'—'twas the day that we took
That bit o' black ruin they ca' Labbiesell.
It seemed the hale hillside jist shivered and shook,
And the red skies were roarin' and spewin' cot shell.

And the Sergeants were cursin' tae keep us in hand,
And hard on the leash we were strain' like dugs,
When upward we shot at the word o' command,
And the bullets were dingin' their songs in oor lugs.

And onward we swept wi' a yell and a cheer,
And a' wis destruction, confusion and din,
And we knew that the trench o' the Boches wis near,
And it seemed jist the safest bit hole tae be in.

So we a' tumbled doon, and the Boches were there,
And they held up their hands, and they yelled: "Kamarad!"
And I merched aff wi' ten, wi' their palms in the air,
And my! I wis proud-like, and my; I wis glad.

And I thocht: if my lassie could see me jist then. . . .
When sudden I sobered at somethin' I saw,
And I stopped and I stared, and I halted ma men,
For there on a stretcher wis Sandy McGraw.

Weel, he looks in ma face, jist as game as ye please:
"Ye ken hoo I hate tae be workin'," says he:
"But noo I can play in the streets for bawbees,
Wi' baith o' ma lags taken aff at the knee."

And though I could see he wis rackit wi' pain,
He reached for his whistle and stertit tae play;
And quaverin' sweet wis the pensive refrain:
The floors o' the forest are a' wede away.

Then sudden he stoppit: "Man, wis it no grand
Hoo we took a' them trenches?" . . . He shakit his heid;
"I'll-no-play-nae-mair—" feebly doon frea his hand
Slipped the wee penny whistle and—Sandy wis deid.

And so you may talk o' your Steinways and Strads,
Your wonderful organs and brasses sae braw;
But oot in the trenches jist gie me, ma lads,
Yon wee penny whistle o' Sandy McGraw.

Army With a Vision Will Win.

I introduce this poem by Mr. Service not only because it is a very vivid picture of trench life, but because it gives us an idea of the spirit of the men who are fighting in this war for a principle. After all the war is going to be won by the army that has the greatest spiritual vision, the greatest morale and the greatest humanity in its make-up. A German soldier is wonderfully efficient. Germany has a remarkable army. But the German soldier is fighting because he has been trained all his life in obedience to his master. The men who are fighting in the armies of the Allies are fighting because they have a vision of freedom and of democracy, and they know what it means to this world if Germany wins in this war. (Applause.) It is the army with the vision that is going to win in the long run, and it is for us here in America to get the vision of America, to find out just what we are like ourselves. America has not always been understood right here in America. We have been so interested in our own little affairs and our own communities and our own environments that we have not realized what a great country we have and what it is made up of. This country of ours is made up of all kinds of people. Never before in the history of the world have so many different kinds of people gathered together under one flag as we find here in America, and they have not been attracted to this country by any racial ties, but they have been attracted to this country because they have common purposes and common ideals. We have not always made a success in attempting to assimilate these people who came to us from other lands; that is, we have gone on the theory that there was some sort of a process that we had nothing to do with that was going to make Americans out of everybody that came here, and some conditions that exist in this country today are due to our failure to do our parts, to see that those who claim to be Americans are really Americans at heart. We have believed, and I think we have been justified in beliving, that a man who comes here from another land, and takes an oath that he breaks off his allegiance to another land means what he says, and that when he comes to the test he will be a loyal American. He cannot be anything else. There is no chance for a divided allegiance. If he feels that he cannot conscientiously support this, the land of his adoption, he has our permission and we wish him God speed, to go back to the land that he came from. (Applause.) We have had a peculiar mission here in this country in bringing together the people of all lands, and here, in our rarefield atmosphere of liberty and equality and democarcy, welding these people into a homogeneous nation. This is the first time in the history of our country that we have had a chance to test the real success of this experiment. This is the first time we have had a chance to prove that this country was not merely a conglomeration of loosely related racial units, but rather a common people, with common purposes and common ideals. But the enthus-

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iasm with which the great mass of our people have responded to every appeal to their patriotism demonstrates that we have made a success of our experiment, and we can proudly say to the world: "Behold here a united people." (Applause.)

Many Germans Here.

The people of the country with which we are today at war, the German people, make up one of our largest racial units in this country. I come from a state that is sometimes called a foreign state. Seventy-five per cent of the people in the state of Minnesota, that I come from, were either born in some foreign country, or are the first generation born in this country. Twenty per cent of the people of that state are of German birth or German descent. What is true of Minnesota is true of other parts of the country. The Germans make up one of our largest racial units in this country, and still, in spite of that fact, and I can understand and even sympathize with some of them who are sadly torn between their sentimental regard for the Fatherland and their love for America, I believe the great mass of German people in this country are loyal Americans. You may find isolated cases of individuals or communities where the feeling is stronger for the old country than for America, but those are only a minority of the people in this country who are of German birth. Most of the German people who came here came here to get away from the very thing in Germany that we are fighting today—from autocracy, from militarism, from the subjection of the individual to the rule of the few; to get away from a condition that made the great mass of the people only cannon fodder, to be fed into the red hell of war whenever their masters desired it. If this is not true, if the autocratic and imperialistic government of Germany is a better government than this government here, why in Heaven's name did they ever come here, and if living conditions are better over there than here, why don't they go back? Most of these German people came here to improve their condition. They may not have come here with a spiritual vision of America, but they came here to make life better for themselves, and if we cannot appeal to them from any other point of view, they can be appealed to from the fact that they were in Germany. An unfortunate thing is that we have permitted these people to live in communities where they have retained the German language, where they have retained German customs and thonghts, and it is a slow process to make them see at this time that it is their duty to be loyal to this country in the war against the Fatherland. We have found the German people in this country not like the modern German Hun. We have found him mild mannered, a good citizen, frugal, careful, always developing the section he settles in. We have always looked upon him as rather simple, but still he is somewhat complex; that is, you cannot always tell what he is going to do. One day a German farmer was out in the field where a gang started to dig a hole. He walked over to them and said: "What are you doing there?" The foreman said: "We are going to put in a telephone pole." "But you cannot put it in here. Why, this is my farm." "Oh, yes we can. We have got a right to put it in. I have got a permit. Here is a paper that gives me the right to put it in. See?" "Oh, you got a paper? Oh, well, that is all right, if you have got a paper go ahead and put it in." The German walked away and in the meantime he opened a gate communicating with an adjoining field, and permitted a gentleman cow with a peevish disposition to come into the field. The crew came out of the field. They came out in a hurry. They did not even stop to open the gate. The foreman walked up to the old German and said: "What is the matter? Why can't we put the pole in?" "Oh," he said, "that is all right. Go ahead and put it in." "Yes, I know, but that bull of yours won't let us put it in." "Oh, the bull, he won't let you put it in? Well, why don't you show the paper to the bull?" (Laughter.)

Shortly before we got into the war I was talking to an old German farmer one day, and I said: "Now, my friend, I am going to ask you a question. You do not have to answer it if you do not want to. It may be somewhat personal, and may seem personal to you, but it is apparent you were born in Germany, and it is evident we must go to war with Germany. In that event, which side are you going to fight on? Are you going to fight for the Kaiser, or are you going to fight for the United States?" He says: "I will answer your question. I was born in Germany. Not only that, I am a Prussian. I was born in Berlin. Over in Berlin I worked for the fire department for $20.00 a month. I came to this great, free, generous country, and you gave me the land on which to start out, and today I am worth $60,000.00. I own a good farm. And every one of my boys is on a good farm. If you were me would you fight for $20.00 a month in Berlin or what I have got here in America?" (Applause.) That may be a selfish reason for being loyal, but after all many of our reasons for being what we are are based on self-interest, and upon this basis, eliminating all sentimental consideration, we all owe something to the government that has done so much for us, and that has never heretofore asked of the people any great sacrifice since the dark days of the Civil War, a government which has rested lightly upon our people. Now this government is in danger, and the least that any of us can do is to do the part that is required of us to sustain this government and make its future secure. (Applause.)

I believe in free speech, I believe in individual liberty. These are privileges that we are jealous of, but the time has come in this country when some of our rights and privileges must be curtailed or even suspended for the common good. Not that these privileges are going to be taken away from the people permanently, but to protect ourselves we must at times place restrictions upon what we assume to be our rights, and any man who at this time will harp upon his rights in order that he may do anything to injure this government is an enemy to this government, and if necessary must be treated as such. (Applause.) We know what we are up against. We know that when Germany started out to dominate the world she proposed to conquer the world by two methods, by her military army, that we are fighting in Europe today, and by another army that is far more effective, and that is her army of intrigue. We know what the military machine of Germany is. We can see it. We know what we are up against. But this machine of intrigue is something we cannot see. It is working in the dark. But we do know it is reaching out into every part of the world, that Germany has covered the world with her network of intrigue. We know that today Germany is in the position that she is in, not because of military victories, but because of the secret successes, brought about by intrigue. We know that Germany has won more victories through duplicity, through deceit, and through intrigue than she has been able to win through the force of arms. (Applause.) We know what Germany has done in other countries. We saw Russia, great Russia, with a population of twice that of the United States, with an army at the beginning of this war of ten million trained soldiers, and we see Russia today a great chaotic, disorganized mass, not because the Russian soldier was not brave, but because of German intrigue in that country, working not only in the Russian army, but behind the army, and Russian soldiers, because of these German influences, were compelled to go into battle without sufficient arms and ammunition. At one time they were forced to fight the Germans with only one rifle for every ten soldiers. And when the Russian people, because of these conditions, overturned the government of the Czar, and when there was an opportunity for the Russian people to establish a stable government, this same German intrigue, working among the people of Russia, playing upon the element of discontent amnog the people, succeeded in so disorganizing and dividing them that they were enabled to establish a government out of that faction known as the bolsheviki, at the head of which is a man who has been openly charged by the Allies with being a paid agent of Germany. Whether that is true or not, we know today he is doing everything in his power to turn Russia over to Germany, and that over fifty million Russians are today under the control of Germany. And what she has done in Russia she has done in Roumania, until Roumania is today in the hands of Germany. What

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she has done in these countries she tried to do in Italy, at the time of the great drive, when the Italian army was driven back and 100,000 Italian prisoners were captured. That was not because of any failure on the part of the Italians to fight, but because their spirit had been broken down by German intrigue and German propaganda. The Germans even went so far as to have fac simile copies printed of the atrocious story that America had refused to enter the war and that Paris had been captured by the Germans. She has tried to do these things in England and in France, and in France today she is trying to set the people of France against the people of America. And what she has done in other countries she has done in America. She was doing everything she possibly could to divide and disorganize our people before even we were in this war. She has destroyed our property and endangered the lives of our people. German propaganda at a time like this is not open, but Germany is, by circulating stories, innuendoes and lies, doing everything that will break down the war spirit of the American people. It is up to every American to be careful about circulating any stories or making any statements, the purposes of which is to break down our fighting spirit in this country, or to obstruct our government at this most critical time. Although he may feel it is honest criticism, he may find in the final analysis it originated in the effort of some paid agent of Germany, and no American citizen ought to be the innocent means of circulating German propaganda at a time like this. Of course, this does not take away from us the right to honestly criticise our government, but we must weigh carefully criticism of that character, and know whether that criticism is going to help or going to hurt, and if it is is criticism that is going to hurt we ought not to have anything to do with it, because we are simply doing the work that Germany wants done in this country when we circulate that kind of propaganda. (Applause.)

Get a Vision of America.

We must get a vision of this country. We have never had an experience like this before. It is new to us. We have only been in this war a year. We started with nothing, and today we have an army, we have an organization, we have the people of this country organized as they never were before. And when we look over the work that has been done in the past year, it is absolutely wonderful to think that we have made the progress we have, that we have accomplished the things we have accomplished. In some instances we may not be satisfied with the work that has been done, but the work that has been done has been wonderful, when you stop to think that we started with nothing to begin with, no machinery, no organization, no experience along this line. It shows there is an energy in the American people, when it is brought to the surface, that can do almost anything. One of our eminent psychologists claims that the average man only utilizes a very small percentage of his actual energy unless he is forced to it, through some unusual strain or excitement; that is, each one of us has an amount of potential energy, the possession of which we are not aware of until we are put to the test, and then the ordinary man may do the extraordinary thing. You may have experienced it in your own life. Did you ever start out to do something, and think you had reached the limit of your powers, and get what you called your second wind, and do something that surprised you? I have in mind an incident which illustrates the point. A friend of mine is given somewhat to the use of profanity. His wife wanted to break him of the habit, and so they entered into an agreement that every time he used a cuss word he was to give her a dollar. At first she got a great deal of money, but he found that it was not a paying investment, and he gradually broke off. His wife woke him up once in the middle of the night, when she imagined she heard a burglar on the premises, and my friend started out into a dark hall with a six-shooter in one hand. In this family they owned a small boy, and the small boy had a little red wagon, with four wheels on it. As small boys are sometimes liable to do, he left the wagon at the head of the stairs. Papa very cautiously put one foot into the red wagon, and the wagon got nervous and excited and started off with papa's foot, and he was forced to follow with his entire anatomy. He hit the high places from the top to the bottom of the stairs, and shot out about $15.00 worth of chandeliers, and landed at the foot of the stairs on the southeast corner of his west half, and immediately forgot his moral and financial obligation. He finally crawled upstairs on his hands and knees and when he got to the head of the stairs his wife sat there writing on a piece of paper. He said: "Excuse, me, my dear, what are you doing?" She said: "Wait a minute. Now I have got it. You owe me $475.00." (Laughter.) And he immediately ran it up to $600.00." (Laughter.)

Nation Must be Tested.

Now, I think what is true of an individual must be true of a nation. If an individual has potential powers of energy, a nation must have the same thing, and I think it is demonstrated that this is true: We are doing things today that we never dreamed it would be possible for this country to do. We are organized as we have never thought we could organize. We are spending money as we never imagined it would be possible to spend money. We do not talk about money now except we talk about billions. When we hear any man talk about a million we think he is a piker. Do you know what a billion dollars really are? Is there any one in this audience that could describe a billion dollars so that we could all see it? I understand if you had been on earth from the time Christ was born to the present day, and you had earned a dollar for every minute of the time you were on earth, you could not have accumulated a billion dollars up to this time, and this government is spending a billion dollars a month to carry on this war. All our ideas have changed. The world has been so completely changed that we could not go back and live in the world as it was before this war. And when this war is over this world is going to be a better world to live in than it ever was before. And we are going to make it a better world because the Spirit of America is going to spread around the world, and this is going to be a democratic world. When this is a democratic world man will be able to live side by side with his neighbors and settle his differences without going out to shoot one another. But we have before us no easy task. Some people think the war will be over in a few months. No one knows when this war will be over, but this war will not be over until the German people know that they have been defeated. (Applause.) Germany today is fighting upon conquered territory. She has her man power intact. She has ammunition and arms. Her people are getting food supplies. So it may take a long time to convince Germany that she is defeated, and the war cannot be through until that time comes, until there is an unconditional surrender on the part of the Hohenzollerns and everything the Hohenzollerns stand for. (Applause.) Because, if we make peace before that time upon any basis that Germany would agree to, it would only mean we would have a war upon a larger scale. We must realize what we are up against. It is not merely a war of an army, but it is a war of a nation and its resources. Everything we have got here in this country we may have to put into this war before it is over. We are opposing the most powerful, the most cruel, the most efficient and the most arrogant military despotism that the world has ever known, a machine for murder and destructive frightfulness that has been under construction for half a century, a whole nation turned into an army, with but one object in view, and that is to impose their military rule upon the world. And at the head of this organization there is a crazy Kaiser—a crazy Kaiser with a withered arm and a withered soul—and the disease that he has inherited from his ancestors has gone to his brain, and he is insane. He is a megalomaniac, obsessed with the delusion that he has a divine right to rule the world. The pathetic and unfortunate thing about it is that his people have been trained to believe that this is true, and this Kaiser in his crazy egotism has even consented to take God Almighty into partnership with him, but as a junior member of the firm. The Kaiser is the senior member. And again, pathetic as it may seem, the German people believe that this is true, that their Kaiser speaks with divine authority and the Kaiser has

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a medal struck off, upon which there is a picture of a German dicty, and the words: "Smite to kill and you will not be called to account on the judgment day." Every German soldier believes that he can commit any crime he wants to in the name of Germany, and he will not be punished for it in the hereafter . That is the psychology that is behind the atrocities that has been committed in Europe, atrocities that never could have been committed by a civilized people, unless there was some suggestion of this kind behind it. When the German soldier commits it under the direction of his officers, he believes he is doing it for Germany, and therefore is justified in doing what he does. And this christian Kaiser in his hypocrisy has even consented to make an alliance with the unspeakable Turk. He must go down in history ignominous because of his massacre of the Armenians. But nothing that the Turk did before this war equals what he has done since this war began, when 2,000,000 Armenian men, women and children have been butchered, and this work has been done so efficiently because it has been done under the personal direction of German officers. So in this war we are not only fighting to make the world safe for democracy, but we are fighting to make the world safe for christianity and everything that christianity stands for. (Applause.) That is one reason why we cannot back down. That is one reason why we have to go ahead. That is one reason why it is up to every American to get a vision of America and what America means. (Applause.)

Most Important Room in the World

We have heard people talk this morning about the war thrift stamps, bonds, food conservation, and we know that our people have been organized along lines they never have been organized along before. There is a willingness on the part of everyone to do his or her part. But still we have got to get a bigger, broader vision of America, if we can. It was my good fortune a year ago last winter to be in the city of Washington, and there I had occasion to go though the Executive Offices of the President. I was permitted to go into the private office of the President of the United States. It is a very small room, circular in form, decorated very simply in white and green. In the center is a plain, flat-top desk, without ornament and covered with papers, and behind that is a chair such as you would find in the office of any busy man. I have got a good deal of sentiment, and I took occasion to sit in the President's chair, as there was no one there to interfere. I do not know that I will ever again have the opportunity, although I was assured in my early youth that if I conducted myself properly I might some day reach it, but I find the competition is too great. (Laughter.) There are a number of gentlemen who are anxious to hold that seat, and so I am willing to waive any claim I may have to it. But upon this occasion I did sit there, and while I sat there I tried to get an impression of how this great country must look to the man who occupied that seat, and carried the burdens and responsibilities that went with it. One impression I did get and that was that that very small democratic room was after all the most important room in the world. More attention was paid to it than to any other room; that the opinions and policies that emanate from that room, because of the spirit and the people that are behind them, had more real weight and influence on the world than any other opinion or policies. And since that time America has entered into this great war, and it comes back to me now stronger than ever, that the man who sits in that room in Washington representing the people of this country, is recognized by the civilized world as the moral leader of the world. (Applause.) He is the spokesman for democracy. He is the man who has made vivid and plain to the civilized world just exactly what we are fighting for in this war. He has brought that message home to all the people of the world, and we know that when this war is over the peace terms that are made are going to be made upon the basis decided by America and Americanism. (Applause.)

And so it is up to every American, I say again, to get a vision of America, of the spirit of America; the spirit that made it possible in 1776 for a handful of colonists to break away from the mother country, and establish here upon this continent the first free republic in the history of the world; the same spirit that impelled us to go to war with England in 1812, because a principle was involved. One of the fundamental principles of this country was that a man who came here from another land and became a citizen by choice was entitled to all the rights and privileges and protections accorded to a native born citizen. England took exception to this doctrine and declared that English subjects who became American citizens were traitors to Great Britain. She held up ships upon the high seas, and took off from those ships Englishmen who had become nautralized Americans and took them back to England to be tried for treason. We entered a protest and the result was the war of 1812, and the result of that war was that that principle was established for all time. It was the same spirit of America that held the people of this country together after the dark days of 1861-65. It was the same spirit that impelled us to go to war with Spain, not because we wanted conquest, but because we thought it was our duty to liberate a people right at our doors from under the iron heel of Spanish tyranny. When that war was over we were justified, according to all the rules of the game, in holding Cuba as our reward, but we established in Cuba a permanent, stable government, and turned that island back to its people. (Applause.) It was the same spirit with which we went with the Allies into China at the time of the Boxer uprising, the time when we went in with the Germans, the time when the German Emperor in addressing his troops before they left for China, told them to be as were the Huns of Attila. At that time the name Hun as applied to the German soldier really originated, and we might have known then what Germany would do in the future, because Germany in China committed the same atrocities she has committeed in Belgium and France. We went in with the Allies, and no American soldier was permitted to loot, or to harm a single Chinaman, or the Chinese people, and when the occupation was over and the various nations demanded of China an indemnity, we returned our share of that indemnity to the Chinese Government to be used as a fund with which to educate the young men of China, and as a result of that liberal education China is today a Republic. (Applause.) So with that same spirit we have gone into this war, and we are willing to put all our man power and all our wealth and all our resources into the balance to win this war, and to make democracy safe and sure for all time.

So today the people of this country must wake up to the situation. There are a lot of people in America who do not realize how serious this war is. In a way we are going through one period of the war. Canada had three periods. One was a period of indifference, the second was a period of flag-raising and enthusiasm, but the third period was a period when Canada buckled down to do the job, it did not make any difference how long it took. We have been going through that second period to a large extent. We are going to the third period now. Today, for instance, your badge is a facsimile of the flag of this country. You see the flag hanging in the hall. There is hardly a meeting held in this country today but what the American flag is in evidence. If it is not in evidence someone must know the reason why. Why didn't we always do this? Because the flag means now more to us than it ever did before; because when we look at that flag now we know that it is a symbol of America and everything that America stands for, and we want that flag constantly before us as a reminder of our Americanism. We know that flag has in it everything that the people of this country have put into it. All the traditions, all the history, all the hopes, all the ideals and all the aspirations of the American people are interwoven in that flag. It is just as great and just as honorable as the people of this country make it.

"You fling out Old Glory,
You sing her proud story,
Her history thrills you through.
In peace you stand near her,
You bid people cheer her,
You are glad she stands guard over you.

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"But, sir, in what manner,
Do you serve your Banner?
Is your part only bluster and brag?
Do you see but beauty,
Where others read Duty?
How much have you put in your Flag?

"It is not her stars' cluster,
It is not her stripes' luster,
That give her sublimity.
Our flag, it is human,
Strong man and brave woman,
Are wrought in the flag of the free.

"'Tis the service they render,
That gives her her splendor.
Without them Old Glory's a rag.
Now foes assail her,
Will you help or fail her,
How much will you give to your flag?"

I thank you. (Applause.)

THE PRESIDENT: The meeting stands adjourned. until tomorrow morning.

Wednesday Afternoon May 15

Conference of State Bankers in connection with the 34th Annual Convention of the Texas Bankers Association, J. W. Butler, Clifton, presiding.

MR. BUTLER: Ladies and Gentlemen: I wish first to express my thanks to the executive committee for this commission, in honoring me to preside over the first meeting of the State bankers of the Texas Bankers Association, and now to be the State Bank Section of the Texas Bankers Association. I wish this organization to be very democratic and representative—vox populi, with the emphasis on the vox. I want us all to be "good Indians." I believe out of these meetings there will come helpful dividends by the discussions. We are honored today, and we shall be favored first with an address by our esteemed Commissioner of Banking, Hon. Charles O. Austin. It is a great pleasure to me to present our Commissioner to this splendid gathering of state bankers. (Applause.)

State Banking System in Texas

Address by HON. CHARLES O. AUSTIN, Commissioner of Banking

MR. CHAIRMAN, Ladies and Gentlemen: If I mistake not, this is the first time in the history of the State Banking Department of Texas when any Commissioner has ever been honored with an invitation to appear before the Texas Bankers Association. (Applause.) At any rate, that is my impression, and I wish to convey to you my most heartfelt thanks, most sincere thanks, for the honor which you have conferred upon me personally, which is of little consequence to you, and especially upon the honor which has been conferred upon the State Banking Department of this great state. (Applause.) You gentlemen may not have considered the matter as deeply as I have, but I have come to the conviction that the state banking system of Texas is the greatest state banking system, considering its numbers, its financial power, in the United States of America. (Applause.) You may not realize it, but it is a fact, that never since the guaranty system was established in this state has any non-interest bearing and unsecured deposit in a state bank of Texas been in default. Never has a depositor lost a dollar, whose deposits came within the protection of the law creating and regulating state guaranty funds. This is something to be proud of. You as bankers should be proud of it. As citizens of this great commonwealth you should be far more proud of it. And the people of this land should be proud of it, and should realize it, and should lend their assistance and their support without stint to this great banking system of ours.

The Department of Insurance and Banking is rather a large and important branch of our State Government. We have, as you know, a large number of examiners—nineteen at present. We have a large clerical force engaged in the examination and inspection of the reports of these examinations of the banks, and all of the many ramifications which the enforcement of the state banking laws of this state force upon that department.

Now, I am going to state briefly to you that, while the Department of Insurance and Banking is a part of our state government, and notwithstanding the fact that the popular impression seems to be that our state government is more or less, to a greater or less extent, permeated by uolitics, there are no politics in the banking department. (Applause.) We have nineteen bank examiners, and I challenge any man in this audience, any man in the State of Texas, any banker or any politician, to show one scintilla of evidence that any one of those examiners during my term as Commissioner has ever received his appointment through any political influences. (Applause.)

We appoint these examiners—I say we, and I speak of the department in the plural—we appoint these examiners strictly and solely after exhaustive examinations of the qualifications of these men. We have hundreds of applications for these positions, but before any man is seriously considered for appointment he is subjected to a written examination, which covers all our State banking laws and the common law with respect to banking matters. If he passed that examination and makes a grade of 70, he is put upon an eligible list, from which appointments to vacancies in the future are made. There are other things to be considered, of course, besides a man's ability to pass an academic examination. We have to consider the length of time he has been engaged in the banking business. The statute requires five years, but we usually like to have more experience than that. Furthermore, we consider the man's personality, his manner of meeting people in the department, his manner of conversing with the people in the department. We endeavor to ascertain that man's methods of treating his fellowmen, whether or not he has that diplomacy which is absolutely necessary to make a successful bank examiner, and without which he can never do himself justice, nor can he acceptably serve the bankers of this State, as represented through the Department. This department is your department, and not the department of any politician, or any set of politicians, or any group of politicians. The Department is now, and for the first time in its history, absolutely divorced from political influences. (Applause.)

Political Charges Slanderous.

You will remember, of course, that there has been a great deal of newspaper talk, and a great deal of notoriety attached to the Department in the past year. I am the unfortunate, perhaps, heir to a condition which had been culminating in Texas for a number of years. I have been the object of the criticism of politicians; not that any of those politicians have ever for a moment attacked my integrity as a public official; not for one moment has anybody denied that I had had the experience and possessed in a limited measure the qualifications nec-

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essary to administer the affairs of that office; but I have been made the victim of a political attack which arose out of conditions which it is not necessary to discuss here, and which I do not intend to refer to. As you all know, the legislature of Texas conducted an investigation of the Department of Insurance and Banking to ascertain whether or not the Commissioner was rotten or whether he was a faithful public servant. I shall not undertake to discuss that examination or investigation. They had an investigation of some of the other departments in the State Capitol also, but I shall not undertake to discuss those examinations or investigations further than to read you the closing sentences of the report made by the sub-committee of investigation upon the Department of Insurance and Banking:

"We, the sub-committee, know that there were certain charges made against Mr. Austin in his official capacity, all of which have been closely investigated, and each and every one of them was without merit. (Applause.) It was only a slanderous attack upon an able and worthy servant of the whole people of Texas. We recommend C. O. Austin to this committee, as well as to the whole people of Texas, for his ability and for the faithful discharge of his duty." (Applause.)

Yon gentlemen never saw that report. For some reason it was not given much publicity. But the Central Committee upon investigation received that report and objected to the language, or to some words which appear in the sentences which I have just read. They therefore made it a little milder but the meaning is the same. The whole legislative committee report has been printed, but I doubt if it has been circulated, my impression being that outside of the members of the legislative body there have been no copies put into circulation. I am therefore going to read you the closing remarks or statements of the Central Committee, that committee of thirty, which was appointed by the legislature for the purpose of ascertaining whether or not the Commissioner of Insurance and Banking was rotten or able to perform the duties which rested by law upon his shoulders. This committee report closes as follows:

"The committee commends Mr. C. O. Austin, the Commissioner of Insurance and Banking, to the people of Texas for his ability and for the faithful discharge of his duties."

Some Historical Facts.

I feel it is not necessary to refer any further to the political atacks which were made upon the Department.

Now, with respect to the policy of the Department I want to say this: That in addition to keeping it out of politics, my sole interest, my first interest, is to see the State Banking System of Texas built to become a monument to the wisdom of the people of the State of Texas, to the legislature which in 1905 passed the Act which created the system, and to the three men who, more than any other men or any other aggregation of men in the State of Texas, facing a most hostile and determined opposition, were responsible for the creation of the State banking system of this State. I refer to Hon. Thomas M. Campbell, formerly governor of Texas, to Hon. Thos. B. Love, who was Commissioner of Insurance and Banking at the time the guaranty system was created, and to Hon. C. M. Cureton, who was a member of the legislature (Applause), and who by his persistent work, and through his indomitable will, you might say, in a manner, forced that bill through the House of Representatives.

Now I regret to say that because of the very lengthy morning session of the Texas Bankers Association, because of the fact that you are forty-five minutes late in convening this session of the State Bankers of Texas, it will not be possible for me to deliver the set address which I had prepared for you this afternoon. You are going to be the gainers by reason of this fact, and I will be the loser, because I will not have the opportunity of imposing myself upon your hospitality, and enjoying myself by talking to you longer. I am cutting my remarks very brief for the reason that I am to be followed upon this program by one of the three men who has been most instrumental in creating the State banking system of Texas, a man who I, to my personal knowledge, know has been its true and tried friend, a man who has given more of his time in his official capacity to the straightening out of the many legal tangles and the study of the many legal technicalities arising out of the enforcement of the banking laws of the State than any other man in this State. I refer to Hon. C. M. Cureton, who has a magnificent address, which I understand he is to deliver immediately after I close. Ladies and gentlemen, and Mr. Chairman, I thank you sincerely. (Applause.)

HON. CHAS. O. AUSTIN.

Resolution on Mr. Austin.

MR. JOHN W. GAINES: I wish the recognition of this Chair and of this body for just one moment. I shall not undertake to make an address, because I know there are addresses that will follow, that really will be addresses, but I do want this body to go on record in some manner to show its appreciation of the efforts of Mr. Austin in bringing about the condition that is now confronting us. In other words, he has in my judgment saved the Texas banking system from what looked at one time to be almost absolute ruin. In that connection I want to present and have adopted by this body, if they will, this resolution:

"Whereas, Hon. Chas. O. Austin, Commissioner of Banking and Insurance, has, with signal ability and perfect fairness alike to both the State and its citizenship, piloted the State banking system and the banking interests dependent upon it, through the most trying period in its history, so that its future is assured and the position of the State bank as an important factor in the State's financial affairs is fixed, therefore,

"Be it Resolved, that the 'State Bank Section' of the Texas Bankers Association, duly assembled at Galveston, do hereby endorse the course pursued by him, and do here and now express their appreciation of his work, and pledge him their future co-operation and support in the discharge of the duties of his office."

This resolution is signed by John W. Gaines, J. W. Butler, and Tom Rodgers. I move the adoption of the resolution.

The motion was seconded and was unanimously adopted by a rising vote.

MR. AUSTIN: Mr. President, I crave your pardon for further infringing upon your good nature and time, but I wish to express to you and to the members of this Association the gratitude which I feel, and which I am unable now to command words to express, because of this handsome testimonial, and to assure you that because of that testimonial my efforts in behalf of the State banks and the State banking system of this State shall in the

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future, if possible, be greater and more faithful than they have been in the past. (Applause.)

MR. BUTLER: The next number on our program, "The Duty of the Dollar in the War," will be presented to you by the author of the State Bank Law, the collaborator of the Guaranty Fund System, and the First Assistant Attorney General of Texas. It affords me a peculiar pleasure to present this speaker, because he happens to hail from my county, and I happen to know of his life, and it gives me especial pleasure to speak of his home life, and his citizenship, and to exalt him for the purity of his purpose and the largeness of his life. I say it is an exceeding pleasure to present to you Hon. C. M. Cureton, First Assistant Attorney General. (Applause.)

MR. C. M. CURETON: Mr. Chairman, Ladies and Gentlemen: I hardly know how to express myself on the generous reception which has been given me by you and by the Chairman, and furthermore for the kind things that has been said about me here. It has been my good fortune to be intimately associated with four different banking commissioners, Mr. Gill, Mr. Collier, Mr. Patterson, and Mr. Austin, all men of great ability, high purpose and purity of character, and it afforded me great pleasure and great honor to associate with them. And I say to you, as bankers of this State, that no State in the Union, nor the United States of America, has any better and abler officer at the head of its banking department than Charles O. Austin (Applause.) I know him like a brother knows him, and I would not say what I say if I did not believe it with all my heart. Mark you, these are serious times, when all the ability, when all the character that we have got, must come to the surface and work for us all, and it is for that reason I am going to undertake for a few minutes this afternoon to talk to you seriously about the duty of the dollar in war time. What I shall say to you is probably a matter that has not had much public notoriety as yet, but as the days go on you will see more and more of it in the newspapers, the press and the magazines, and hear more about it from speakers, and I have no doubt that in the course of time you will hear about it through the Commissioner of Banking and through the Comptroller of Currency.

The Duty of the Dollar in the War

Address by HON. C. M. CURETON, First Assistant Attorney General of Texas

I PROPOSE to discuss in a somewhat general way "The Duty of the Dollar in the War." To begin with, I would have you mindful of what the dollar really is. It is something more than a thing with inherent qualities, which make it a durable and a precious metal; more than the national stamp which certifies to its purity and fixes its legal status; more than its value in exchange which the public demand gives it. It is more than all of these. It is this. It symbolizes human effort and human labor.

We may see more in the stacks of coin and piles of currency than a mere medium of exchange. Into each dollar has gone the toil, labor, hopes and aspirations of man. This coin was the reward of the laborer in the ditch, that one of him who works in the marts of trade, this one of the farmer whose hopes revived with the gentle ministrations of spring, sowed, toiled, and watched that wonderful miracle of nature as his plants grew and ripened into golden grain or fleecy staple. Into this dollar has gone the solitude of the ranch, the breath of the growing grasses, and the sunshine and the breezes as its owner watched his white faced calves like wild flowers on the prairies of the west; into this dollar has passed the sigh of the forge and the ring of the anvil; into that one the tired days and restless nights of the widow, who toiled.

And the banker is the voluntary trustee of these public funds and receives as pay the value of the use of these funds. But, in a larger sense, we are now all trustees of these visible signs of our talent, toil and labor; and our compensation is our liberty and our freedom. As the banker is the trustee for his customers against the days of necessity which will come, so are we all trustees for the nation against this day of dire necessity which has come.

While property is private, still, in war it is all, as the lawyers phrase it, "Charged with a public use," and remains in our hands for the nation to be used to sustain us in this war. The duty of the dollar is not performed merely in a loan to the government. That is only one branch of its war service. The dollar, as never before, must meet the needs of the poductive commerce. Its primary and fundamental duty is to produce. It must abandon the channels of non-productive speculation and luxury and aid in producing those things necessary to sustain us.

Every dollar idly spent, spent for non-essentials and for luxuries and in non-productive speculations, is money spent in a way that adds to the burdens of the war. The Industrious dollar is one of the noble creations of commerce, but the frivolous dollar that dwells in the haunts and marts of luxury, is a vagrant dollar that should be put to better use.

If Germany Triumphs.

Elihu Root not long ago said, "The principles of our fathers must go down before this German Moloch, unless the triumphant manhood of our Republic gives support. As sure as the sun rises tomorrow, if this war ends with the triumph of Germany, the country will become a subject nation." If we become a subject nation, if the Prussian triumphs, the day of our destiny is over and thence forward, after the days of slavish toil, like the Mohammedan who turns toward Mecca, we will under the lash and at the point of bayonet, turn our tired bodies and weary faces toward Berlin and make our prayers to the God of the Huns, thanking him that he has vouchsafed us arms that we may toil for our masters, that he has given us backs with strength to bear heavy burdens, that he has given us sons who will serve their sons and has given us wives and daughters who can gratify the lusts of the beasts of Hunland as the wives and daughters of France and Belgium, at the point of the sword, in the swish of the flame and under the blows of the beasts have gratified them and do yet gratify them.

Unless men voluntarily use their funds in a manner suboridnate to the needs of the war, you may expect legislation which will compel them to do so. We have what former Associate Justice Hughes aptly terms "A Fighting Constitution," and our courts will sustain any law found to be immediately necessary for the conducting of this war. But if as a nation we have a fighting constitution, which enables us to make sufficient laws under which we may win this war, it is equally true that we have within us the power of self defense; that, while we are peaceful men, we are also fighting men; we too have a fighting constitution and under it may change our daily habits to meet the needs of war. Things we once desired we will no longer desire, things we once thought necessary, we will abandon and make our necessities conform in harmony with that larger necessity—the triumph of our arms and of our flag. (Applause.)

Not only must the nation make war; but each state and each individual must, in his sphere, make war; as the nation works under its fighting constitution, so must we work under our fighting constitution. All property, all rights, all desires, all purposes, all necessities, all our lives, hopes, aspirations, and our whole beings are, in the language of the courts, "Affected with a public interest,"

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and in the discharge of our public duties we must lend all our energy, subordinate ourselves and as we are called, one by one, offer our lives if need be that the nation may survive.

It is the plain duty of every banker to ascertain the needs of his customers in the light of the nation's necessity. It is his duty to know the use to be made of the money which he now loans, for every dollar of it is charged with the public trust arising out of the necessity of national defense. He should know that loans for productive and distributive purposes must come first, that loans for the production of raw material and their manufacture and distribution, as necessities have first call upon the resources of the country. That we may supply our share of government loans, we must reduce the use of money in the production and distribution of luxuries, non-essentials, and non-necessities. In an article in the April number of the North American Review, Benjamin Strong, Governor of the Federal Reserve Bank of New York, in discussing this matter, in part says, "If the bankers of the country were able to curtail unnecessary and wasteful borrowings by their customers, loans, the proceeds of which are used to * * * extend plants and businesses pertaining solely to luxury, build places of amusement, and for many other purposes which I purposely refrain from enumerating, all of these bankers would have surplus credit to employ in loans to the Government or industries vital to its war needs. Those from whom credit was so withheld would be restrained from the employment of labor and materials, many would liquidate some part of their inventories and not replace them, so also saving labor and material, and equally important, the lessened use of credit would reduce loans and deposits, increase the ratio of bank reserves, reduce interest rates and facilitate the Government's financial programme." (Applause.)

Two Services of the Patriotic Dollar.

The dollar has two avenues of patriotic service, first; it may lend itself to the Government when calls are made for money; but this dollar should be primarily a dollar taken from those businesses or enterprises which are not essential and not necessary to the conducting of the war. This will suffice, in all probability, to supply the Government's demands. Second; the patriotic dollar will also, find service in aiding in the production, manufacture and distribution of the resources of life. It is the patriotic duty of every dollar to confine its activities, so far as possible, to these basic uses.

Standing as we do on the plains of Armageddon, just as more is demanded of men, so more is demanded of the dollar and of men whose business is dealing in dollars. In this war time there is no place for a lazy or idle man and so also, there is no place for a lazy and idle dollar. In war time there is no place for the cowardly man, for the man who sneaks and idles and dodges; also, there is no place for the cowardly dollar. In war time there is no place for the faithless dollar, and there ought not to be in the banks any dollars for the faithless man. It is, as I conceive it, the duty of every banker to deny to every disloyal man the use of the bank's funds for any purpose or on any security, however good.

The man who is not loyal to the Government, the man who is not openly, valiantly and persistently loyal to the government, is not entitled to the benefits of those institutions which exist by the grace of this Government, and every disloyal man should be denied the use of moneys which have been placed in the banks by brave and loyal citizens. (Applause.)

On the face of the American dollar, we have placed the figure of the American eagle, that knows no fear and asks no mercy. Dollars bearing this emblem, which gives its currency and vouches for its character and virtue, which in this emergency shrinks in fear from the performance, of its full duty, or from cupidity lends itself to the disloyal, who reaps from our fields here, but whose heart is in Hunland, is a coward's coin that should have melted from its face the American eagle; and instead there should be engraved thereon the destruction of Belgium, the murder of Edith Cavell, the desolation of France, the mutilation of the children, the crucifixion of soldiers, the enslavement of men, the ravishment of women, the sinking of the Lusitania, and then the brutal countenance of the Kaiser in hearty laughter at the ruin he has wrought and then, instead of that noble motto, now upon the dollar, upon this dollar which I have described, with these pictures of ruin and ravishment and the Kaiser's hideous countenance, there should be engraved upon it these words: "In the Hun we trust."

Determining the Dollar's Duty.

In determining the duty of the dollar and our duty and with what valor we should adhere to it, we should understand the issue which is before us. Ludwig Woltman, the German writer, stated long ago: "The Teutonic race is called to circle the earth with its rule, to exploit the treasuries of nature and all human power, and to make the passive races subservient elements in their cultural development." In that one sentence is expressed the origin and the purpose of this war—that the German government may encircle us with its rule, exploit the treasuries of our land, reap the fruits of our human power and make us a subservient element in the cultural development of the Prussian supermen. This is in harmony with the German philosophic and military writers. It is expressed by Bernhardi in his book glorifying war as a biological necessity for weeding out weaker nations, and in which he declares that the Germans must, regardless of the rights of others, fight their way to predominance and force upon humanity the rule of the Germans. It is in keeping with Tannenberg, who says: "Right and wrong are notions needed in civil life only;" and of Pastor Baumgarten, who said: "Anyone who cannot bring himself to approve from the bottom of his heart the sinking of the Lusitania and give himself up to honest joy at this victorious exploit is not a true German."

These sentiments, briefly alluded to, could be multiplied many thousands of times if one had access to the thousands of books published during the last decade in Germany glorifying war and preparing the public mind for the bestialities which now characterize the German armies. Moreover, these German writers are but the mirrors of their age, and peace with the nation was not longer possible with us. Our war with Germany has from

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the outset been irrepressible. Our controversy with the German autocracy dates back to the time when we established our independence and took this country from the possession of George III, who was a German and not an Englishman. He was the first German prince whose pride was humiliated by the democracy of the new world. His wrath was unbounded. The thought of his humiliation like a poison sapped upon his vitals and left him a maniac, babbling in his native tongue the evils which his kinsman now on the German throne hopes to execute.

Let us remind you that the Hessian mercenaries employed by George III were Germans taken from a half a dozen German provinces; that their slaughter and capture was a great blow and source of irritation to the pride of German princes, kings and emperors. So, back behind this war is the Revolution, with its George III and his German soldiers. (Applause.)

Austria's Natural Hostility.

As to Austria, let us also remember that during our Civil War, when America was rent asunder by the troubles which divided us, that Maximillian, archduke of Austria and brother of the Austrian Emperor, in open and insulting violation of the Monroe Doctrine, established him a throne in Mexico and proclaimed himself a king. Let it not be forgotten that the Government of the United States demanded the withdrawal of the troops of Napoleon III from Mexico, and they were withdrawn, and this alleged emperor and archduke of Austria and brother to the Austrian emperor was left naked to his enemies, was captured by the republican forces of Mexico and shot like a common criminal. Let it be remembered that this result came from the direct action of the United States, and you will understand the malice, spite and desire for vengeance, which for more than fifty years has been in the heart of Austrian autocracy. (Applause.)

As to the present ruler of Germany, he has not, since he ascended the throne, neglected a single opportunity of harassing, injuring and insulting America. His war upon us does not arise out of the necessities and exigencies of his distressing condition, but—drunk with blood, with his hands reeking with the shreds of murdered Belgians, with his lips dripping with the crimson life of slaughtered innocents, with his eyes glaring with insatiate hatred, with his features distorted in fiendish joy over the miseries he has wrought—he has made war upon us as the consummation of a cool, fixed and determined purpose which he has entertained against our liberties for more than a quarter of a century.

In 1900 he sought to obtain islands off the coast of Venezuela, in order that he might obtain a foothold in the western hemisphere, in violation of the Monroe Doctrine. He attempted to obtain harbors for military purposes on the coasts of Lower California.

In 1901 he expressed the purpose to enbroil America by combining European nations against her. In the same year he partially consummated this conspiracy against America and undertook to blockade one of the parts of Venezuela with his battleships. It was then that President Roosevelt gave him forty-eight hours to take his ships out of the Venezuelean waters and said to him that if not, Dewey would sail and drive him out. But the Kaiser did not heed forty-eight hours; thirty-six was sufficient when he found that Dewey was going down to talk it over with cannot balls. (Applause.)

Instances of Kaiser's Attitude.

Before this, however, the Kaiser had sought to obtain a foothold in Samoa, until his war vessel was driven from the Samoan ports by Captain Leary, who commanded a little American warship. "If you fire," said Leary, "you must fire through the ship which I have the honor to command. I shall not be answerable for the consequences." But the German captain did not want any consequences at that time, and so, when he heard Leary's ship calling its men to their guns, he hoisted his anchors and sailed away.

It will be recalled, also, that at Hong Kong Prince Henry, the brother of the Kaiser, offered a gratuitous insult to Admiral Dewey and staff, of such a gross nature that the old admiral arose and left the banquet chamber. Moreover, Prince Henry was compelled to render in person an apology to the admiral.

It will be recalled, as well, that in 1898, during the war with Spain, Germany openly and notoriously took the part of Spain; that at Manila Bay the German fleet under von Diedrich, offered the grossest insults to Admiral Dewey, and would have fired upon him, but for the fact that the English fleet of war vessels sailed in between the German fleet and Dewey's ships and notified the German commander that if he fired, the English ships would join with the American fleet in destroying him.

So, we are justified in saying that this war of the United States with Germany was inevitable and certain, and has been openly and notoriously sought for more than a quarter of a century by the Kaiser's government.

Then came the Lusitania, with the assassination of more than a thousand people. Concerning it, the German press declared: "We rejoice over this new success of the German navy." Mr. Gerard in his book shows that the emperor of Germany had medals struck celebrating the sinking of the Lusitania two days before the vessel was sunk.

Nor must it be forgoten that the German government, through its system of spies, has sought to undermine and destroy the American Government. In fact, the German Kaiser has not only violated all his treaties with us and all other nations, but he has violated all the laws of nations and all those rules of comity which civilized people have observed toward each other from time immemorial. His methods of making war, his devastation of Belgium, the burning of her ciries, the theft of all her property, the carrying away of her citizens into slavery, the ravishment of women—have all testified to his existence as the super-criminal of any age and any time.

German Autocrities.

If the Kaiser has been present when Judas hanged himself after the betrayal and sale of his Master, he would have exclaimed: "How unfortunate! Poor Judas! Had he lived, I would have made him prime minister and custodian of my conscience and my treaties.' I sometimes feel that Judas must have left an unclaimed child, flesh of his flesh, bone of his bone, who became the first progenitor of the Hohenzollern family.

What more monstrous thing in all the annuals of assassination than the murder of Edith Cavell? This innocent and splendid girl was deliberately and foully executed to gratify the lust for murder of her captors. She walked to the place of execution unassisted and stood facing her executioners, refusing to be blindfolded, and said to the soldiers "I am ready!" They fired and she fell.

Edith Cavell has taken her place in the calendar of heroines along with Joan of Arc, Molly Pitcher and other women who have risked the dangers that only men are supposed to face.

You will recall that Molly Pitcher for seven years was a nurse in Washington's army while her husband was a cannoneer, and that when her husband fell at Monmouth, badly wounded, rather than see his cannon rolled to the rear, she arose from her bleeding husband brushing back the tears fired the cannon all during the long hours of that battle.

If Molly Pitcher were alive today and should perform a similar service for us on the battle line and should be captured by the Kaiser's troops, she would, as a matter of course, be ravished, and shot, her captor would receive an iron cross, and the despoiler of her honor would be promoted by the Hohenzollern for gallantry.

You will recall the heriosm of Captain Lawrence, who made immortal the phrase, "Don't give up the ship." The battle was fought between his vessel "The Chesapeake" and the English vessel "The Shannon," commanded by Captain Brooke. On the morning of the fight, Captain Lawrence was taking breakfast at the hotel in Boston with his two sons. He was notified that the British ship was in sight. He said goodbye to his boys and sailed to his gallant death. In the meantime, Captain Brooke addressed a very courteous challenge to Captain Lawrence and which, be it said to his honor, notified Captain Lawrence of the size and dimensions of his ship, and

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that all other ships of the English fleet had been sent away in order that the duel between "The Chesapeake" and "The Shannon" might be a fair one. In a fair fight between these heroic men, Captain Lawrence received his death wound. As the fight continued he said, through his delirium: "Fight her till she sinks. Don't give up the ship."

The German Method.

Had Captain Brooke been under Von Tirpitz instead of a heroic and fair fight, he would have bribed a waiter to have poisoned Captain Lawernce at his breakfast, would have kidnapped his orphan children as they wended their way home to the broken-hearted mother, and would have cut off their hands, as the Germans have the hands of the Belgian children and while the widow and other friends were holding religious services for the dead, Brooke on his ship would have torpedoed the vessel with a submarine. The German captain would have received an iron cross, Von Tirpitz would have been decorated, the German press could have proclaimed a great naval victory, and medals commemorating the event would have been struck, as they were struck when the Lusitania was sunk.

At Santiago when the Spanish ships were sinking and their sailors were struggling with the life-boats and the sea for life, our men started to cheer for victory, when Captain Phillips exclaimed, "Don't cheer, boys, the poor devils are dying." If Von Tirpitz had been there in Phillip's place he would have sunk the life boats and turned his machine guns on the drowning sailors in the water; the German emperor would have decorated him; the German press would have praised him; Hindenburg would have saluted him and the German military governor of Belgium would have sent him a beautiful slave girl for an orderly. When Cervera, the brave Spanish admiral, heard of the heroic exploit of Lieut. Hobson, he exclaimed "Valiente," and himself went to rescue the heroic Hobson and his men from a watery grave, and cared for them as honorable prisoners of war. More than that, he sent an officer on board the ship of the hostile American commander to notify him that Hobson and his companions were safe. Had the German sea lord been in Cevera's fleet he would have had the ears and hands of Hobson and his companions cut off, as the Germans have done prisoners of war, and subjected them to every excruciating torture which can be imagined; would have crucified them as the Germans have done prisoners of war; for all of which the German emperor would have stroked the admiral's beard in loving admiration, and loaded him with one more iron cross for his heroism.

Not only is it incumbent upon us as citizens of a great nation and as a matter of personal welfare to see that our money serves in every capacity that the necessities of war demands, but we who reside in Texas have yet another call upon our courage, our industry and our lives. It is the tradition under which we live; it is the story we learned from our mother's knees; it is the heroism which stirs us in our youthful years; it is the tale of supreme sacrifice which charms us through our manhood and to the grave; it is this, the knowledge that we are Texans and live beneath the halo which the heroes of the Alamo wrought upon the skies of freedom. This tradition, this story, is greater than our wealth, greater than our people, for it must outlast the very memory of us. The story is expressed in these words: "Thermopolae had its messenger of defeat; the Alamo had none."

In the light of this do we become Texans; by its glory must we live and that we may prove our worth, by it must we die; whatever course others may take; whatever example of valor others may be free to choose and still be honored, there is no other course for Texas, but always and everywhere their honor demands that each Texan must remember the Alamo had no messenger of defeat. No Texan can shrink from the high emprise of carrying his standard where wave the banners of Leonadis and Travis. This story of the Alamo has been told a thousand times and yet will be told again so long as the hearts of men beat faster at tales of war.

Inspiration of the Alamo.

When the demand for surrender came, Travis answered it with a cannon shot and nailed his flag to the staff that it might never be lowered. Though attacked by 5,000 men, the 182 within the Alamo declined to surrender and fought to the bitter end.

Santa Anna placed against him the celebrated Toluca Battalion, the bravest and best of his soldiers, 830 men strong, and when the dead were counted 700 men from this battalion alone were among the dead. The Texans killed almost ten to one in that fight. There were 182 Texans in the fight and they counted 182 of the Texans dead; there remained not one to tell the story of their valor and of their death. It is for this reason that we have chiseled up our granite piles and enshrined within the hearts of our people the immortal legend of which we speak: "Thermopolae had its messenger of defeat, the Alamo had none."

So, then, by the light of that flame of glory which blazed forth at the Alamo must we as Texans live our lives. We must do our duty this day and time with the same courage that Travis and Bowie and the other heroes made the supreme sacrifice. At the Alamo did Travis ask the price? Did he inquire the rate per cent? Did Crockett ask whether the scroll of glory upon which his name was to be written bore interest and was secured by collateral? Did Bowie falter when he knew that death was coming? These men stayed deliberately, fought valiantly and died without regret, that this great state might be free and that you and I might enjoy the blessings of liberty which our soldiers are now fighting in France to preserve. Let us go down, then, into our purses and spend our substance and if need be, our lives, in defense of our heritage which was bought for us by the blood of men as valorous as any hero who fought on the fields of Troy. Let us highly resolve that only for the necessaries and only in productive industry shall the moneys of the people be spent, and that all wastes of substance shall cease, and that we will systematically, as God has given us the mind to know and the valor to decide, expend all our energies in the defeat of the beast of Berlin. (Applause.)

Having before us a just and righteous cause and behind us the history of an heroic people who have set the standard of courage which should animate use, besides the banners of Leonadis, and knowing that already the young men of Texas—some seventy thousand strong—have been called to the conflict, and, cheered forward by the patriotic love of their mothers, their sisters and sweethearts, are now seeking the battle line and asking for a place that they may fight for their country and the glory of their state, we should highly resolve to do our duty to the uttermost, and that there remain not a single Texan who is not straining body and brain for the success of our arms, while the sons of Travis and Bowie and Crockett are moving forward behind Old Glory and Tricolor, and mingling the blue bonnets of Texas with the lilies of France. (Prolonged applause.)

MR. BUTLER: It is fortunate to have the beginning of the State Bank Section marked by these splendid addresses by these men whose names will live in the history of the state banking system in Texas. We are proud indeed to have these gentlemen to honor us on this occasion.

We have another honored guest today, and one whom we all esteem, and I am pleased to ask Judge W. F. Ramsey, the chairman of the Federal Reserve Board, to speak to us. (Applause.)

Address by Judge Ramsey

BEFORE STATE BANKERS

JUDGE W. F. RAMSEY: Gentlemen of the State Bankers Section: It had been in my mind to have left Galveston on yesterday afternoon, and I would have done so except that I saw on the program that this meeting was to be held today, and after a conference with Mr. Smith it was arranged that Mr. Talley of our bank would speak yesterday, and I would occupy a very brief time today. I was the more inclined to stay over as a matter of personal compliment to Mr. Austin. There had been, gentlemen, a sort of tradition until a few months ago in the Federal Reserve Bank that Mr. Austin was not inclined to look with a very friendly eye on the Federal Reserve System. Just how that impression was created

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I do not know, and it is needless now to inquire. Anyway, something like four or five months ago I concluded to take, and did take, "my trusty pen in hand" and wrote Mr. Austin a heart to heart letter, to ascertain in a general way his attitude, and to what extent we could count on him for that fair and friendly co-operation which we thought we were entitled to, without reference to his views particularly on the merits of the Federal Reserve System. I was gratified beyond measure to receive satisfactory assurances from him that he would be very glad indeed to give us any information contained in his office, and to render us any assistance to which we were reasonably entitled. From that day to this I have been in weekly—almost daily—correspondence with his office, and it affords me great pleasure to say to you that I have never been so intimately assoicated with any man, where the entire correspondence was more satisfactory than my correspondence has been with that office. (Applause.) I had it in mind, gentlemen, a little while ago, to prepare a speech for general circulation among state bankers, giving from my viewpoint the reasons why a connection with the Federal Reserve System would be advantageous to them. I was called on by the "Clearing House," a paper published by the Burroughs Adding Machine Company, to contribute a paper on that subject to that periodical, and I had purposed expanding that into an address to be made at Austin during the group meetings which I intended to inflict upon you. About that time Mr. Austin was scheduled to make, and did make, an address on the same general subject before the group meeting at Dallas. I say to you in the utmost candor that there has not in my judgment been prepared or delivered by any man in this country an abler, better considered or more patriotic speech than the address delivered by Mr. Austin on that occasion (Applause.) I think the most convincing of evidence of my own judgment of the merit of that address was the fact that I preferred to circulate it rather than one that I wrote myself, and when I concede to you that I thought his address was at least as good as anything I could say, I could not give it any higher credit. (Laughter and applause.)

Now, gentlemen, I feel like it would be an improper trespass on your time, and that I would infringe on the fine program you have, if I should undertake to speak at any length. I hope I may be permitted to say this much: the Federal reserve law makes provision for membership by State bankers, and I believe makes that membership available on the most liberal terms. In the first place, I think it probable that in my disposition to extend the usefulness and in my desire to show the folks at Washington that I am getting somewhere, I have some little partisanship and some little feeling of partiality for the system, that would not make me altogether the very best judge of what would be the best for you. I recognize that, and yet, having made not only a fair, but a large allowance for that feeling in my own heart, I do say to you, as a native Texan, having long since passed the time of life when I can have any interest or any concern except for the good of my country and the glory of this imperial commonwealth, I believe after the fullest study I have been able to give the subject, after all the deliberation I could give to any subject, that the best interest of the State bankers, the best interest of the national bankers, and the private bankers, and of every man, woman and child in Texas, is that every State banker with a capital from $10,000 up should be a member of the Federal Reserve System, participating in its benefits as well as contributing their fair share of its burden. I am strengthened in that belief by the judgment of the great Commander in Chief of the American Army and Navy, the President of these United States, Woodrow Wilson, (Applause) when he says that the duty of the hour is to co-ordinate the banking resources of the country into one great system, and put their resources into a great common reservoir. Now, Mr. Austin does not say the things as plainly as I do, and I do not blame him, but those of you who have read his masterful address will see with every page of it the conviction entertained by him that that is the course of duty. At the same time, occupying the position he does, he contents himself with pointing out some of the advantages, and with pointing out here and there some slight disadvantages, and leaving the bankers of Texas free, as they ought to be free, to determine for themselves where lies the path of duty. And I want to say to you, gentlemen, that the only relative I have got in the world who is in the banking business is a State banker. The Ramsey family, as you are aware, as a rule are poor and humble. They are not banking folks much, have never broken into that profession, but I know the people of this State. I have been in practically every organized county in it, having spent all my life here in Texas, and I do not know the difference in worth, in patriotism, or in intelligence, between the national banker and the State banker. (Applause.) At the same time I would not, if I could, impose membership unwillingly upon the humblest State banker in this State. If he comes into the Federal Reserve System, I want him to come in because his judgment approves it, and because his patriotic disposition is to sustain his country, and to sustain our financial system.

I might say to you, a little more in detail than I said this morning, that we have now granted and applications pending for far more State membership than any other State in the Union. I am inclined to believe that when the returns are all in, very many, if not indeed, most of the eligible State banks will be members of the Federal Reserve System. When they come in, I have sought to make it plain to all of our friends, that they will receive the same treatment as the National bankers, no better, no worse.

It Is Human to Err.

Now, of course, we make mistakes in our bank. We are not perfect, we are human like other folks, but we try never to make the same mistake more than once, and that is a fair average when a man can do even that well. I feel about the State banker and the National banker. when he gets into our system, just like I would if I had a red-headed boy and a black-headed boy. They would all be children of the same family, and I would think just as much of one as I would of the other. My friends, you don't know how comforting it is until you get in. I hope there is no national banker who will take exception to this. I am going to tell you of a conversation I had with a gentleman in Weatherford. I cannot think of his name right now, but he is president of a bank there with a capital of $100,000 and $400,000 or $500,000 deposits. I went there expecting to make a speech, and I went out to get what I now need, a shave. I picked up the evening paper and I saw he had in his advertisement, in black letters: "Member of the Federal Reserve System." I dropped around towards the hotel and happened to meet him, and I went into his bank and talked to him. In fact, I run with bankers, and sometimes, as I told Brother Gaines, I run with lawyers. I am thoroughly well established, and I can afford to run with anybody. (Laughter.) I said to him: "I notice you advertise your connection with the Federal Reserve System. Do you find it of any advantage?" He says: "Well, Judge, I don't know just how much good it does, but I have got an argument that brings them every time, and I want to see you about it, to see whether I was doing right in talking about it." I said: "All right, how does it go?" He said: "When I find a man that is not very strongly attached to my bank, or where I find a man doing some business with the other bank, not very strongly tied onto them, I make it my business to get out my stock certificate in the Federal Reserve Bank and ask him if he had noticed I was a stockholder in the Federal Reserve Bank. I tell him I feel stronger and better, and better prepared to serve my trade and customers than I have ever been all the days of my life. I tell him I have got now every protection that the Federal Government can give, with all the advantages that the National Bank has, and that I have got the State guaranty of bank deposits besides." Then he said: "What the Hell can he say to that?" (Laughter.) He said: "Is there anything wrong about that?" I said: "Now, you understand that I am not going around over the country saying whether an argument is a good one or a bad one, but it is not against the law to make that argument." (Laughter.) He says: "Well, it struck me

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as a good argument, and it has increased my deposits." He said: "I have not borrowed any money yet, and I do not think I will, but I want to know that I can do it."

That reminds me of another statement I heard before the National Bankers Association the other day at Atlantic City. They had a great meeting of their State bankers in that great body, like you are going to have in future years. They talked all day, and began early in the morning, and did not take the fag end of the day, like you have done. Somebody had objected to the whole business on the ground that he wanted to be an independent banker. This fellow had a German name, but he said: "Gentlemen, just before I left home I made application to join the Federal Reserve System, and I was induced to do it mainly because I wanted to be an independent banker. I have been in the banking business for fifteen years. I have very good credit, but I have always recognized that the time might come when I would want money, when my correspondent might need it worse than I did, and I wanted to feel that I belonged to an institution where, as against collateral that was good and solvent, I could go practically as a matter of right and get my money just as cheap as the First National Bank of Chicago." He said: "I feel more independent now in my position than I have ever felt all the days of my life."

Gentlemen, I did not intend to make an argument on this question. I have been led to say more than I intended to, but I appreciate the compliment paid me in calling upon me, and to acknowledge that compliment I wish to make this further statement. Now do not take this as an invitation to ask me anything, but my friend Mr. Butler made the suggestion that probably it might be of interest, if not to all, to some of our friends, if he had any question in his mind about which he was in doubt, in view of my opportunities and leisure for study, if I should give them some information that would be of value. And if there is any gentleman present who has got any particular matter in his mind touching these questions, I beg to assure him, if I can do it, I will answer his questions respectfully and candidly, and if I cannot answer them, I will not hesitate to admit my ignorance about a few things—but not about many. If you want to stay out that is your privilege. You have got a right to do it. If you want to come in, just let me know and I will make your entry just as convenient and as pleasant as possible, and I will give you all your are entitled to, and I won't give anybody any more than that, but I will try to make your connection with us just as pleasant and valuable as I can. I have an appointment now that I cannot get away from, but I want to make this proposition to you: When you find three great men like President Wilson, Commissioner Austin and myself all agreeing on one proposition, it is pretty safe for you to follow it. (Laughter and applause.)

MR. BUTLER: We appreciate this address by Judge Ramsey. We have now reached in our program the short questions that have been sent in. I would like to say to the State bankers that there came about one hundred letters suggesting topics for this meeting. Out of these one hundred we have selected twelve topics which were requested the most in these letters. There was no purpose to exclude any topic. I wish every member would feel free to put forward any question. Bear that in mind. We will take up first the topic "Membership in the Federal Reserve System. Why should State Banks join?" I wish some State banker that has joined, or has his application in, or has determined to join, would give us some reasons why a State bank should join.

Joining Reserve System.

MR. C. S. MILLER (Ballinger): I have been like a great many State banks, undecided whether to join the Federal Reserve System or not. I had given it thought all last year. Last fall there were many letters came to us from the Federal Reserve System urging us to join, and I reckon all the other State banks got the same. Nothing was done at that time. Finally there was a meeting called in Dallas, I think it was in December sometime, of the State banks, to meet and consider the question. We met and in that meeting it seemed that very few thought about joining, and we were discouraged by some that had already joined as not being satisfied. The President had made an appeal to the State banks to join, and it kept growing more and more on my heart, the more I thought about it, and the more I studied about it, and in that meeting I stated that if it was absolutely necessary for the State banks to join in the interest of this war, and to help win the war, we should not hesitate a minute. (Applause.) Last March or February I began to seriously consider the condition. I dreaded what was coming. Somehow I was afraid that our Allies and ourselves had underestimated our enemy, and somehow I felt in my bones that something was going to happen, and I have been dreading it ever since. You see, we do not understand what we are up against. I feel that and I dread it for America, but we are going to win out in the long run. Now, gentlemen, the time has come when I think every State bank should answer the appeal of the President for co-ordination and co-operation. I brought it up to our directors and they did not hesitate, but they voted unanimously to join. One reason why I had hesitated before was, I was afraid if we joined the System, knowing that all State banks have a great deal of paper that is not eligible to discount in the Federal Reserve, and perhaps not having enough paper that is eligible to help us out, we might be thrown into a quandary as to just what to do. I feared that situation, and thinking that our regular old reliable correspondent, who had stood with us before, might go back on us and say: "You have joined the Federal Reserve System. Go to them for aid," that was what I was afraid of. But you are only required to carry in the Federal Reserve 7 per cent of your individual deposits and 3 per cent of your time deposits, and you need only carry as much cash as you need in the bank. You are not limited on the cash. Of course, any man would carry whatever cash he needed, but while of course we kept up our accounts reasonably, we necessarily reduced a lot of our old correspondents' accounts and some of them we had to wipe out, yet with our old reliable ones, that we depended on for help, we necessarily kept our balance with them, and I do not reckon it is amiss to say that sometimes—it all helps; in heart to heart talks we are nearer together—I have had occasion to make a borrow. We took liberally of bonds and I have taken $20,000 of those treasury certificates, and I needed some money. So I had certificates there, a lot of them paid out, and I needed $7,000. Well, of course, the thing is new, and I did not know that we could not give a note for over fifteen days. I thought in reading it, that in fifteen days the interest matured, and that as it runs along the interest rate was higher. My thought was with reference to the interest rate. I sent in my note there for sixty days. I needed the money. And here comes back a telegram from Mr. Van Zandt saying it is against the law to give a note for over fifteen days. I wired back: "Just change the note to fifteen days," and I got it just that quick. They are very accommodating, and if you have got papers that mature within their discount rule, you have no trouble in going there and getting the money. Fearing, though, that I might not always have their class of paper, I wrote to our New York corespondent and said, "We may need some money. I have got some notes that the Federal Reserve does not handle." They are as good as any of them, but you see a State bank can lend 25 per cent of its capital, but a National bank can only lend 10 per cent. So if you have got notes against your customer for more than 10 per cent of your capital, the Federal Reserve won't handle those notes. They won't handle any of them. The man may be perfectly good, but you cannot handle those notes in the Federal Reserve Bank, so I wrote to our New York corespondent and said: "If I get in a tight and want some money, can I get some on those notes?" They said, I could get what I wanted. I just wanted to state that case to you, because we want to pull together and help the Government, and I want to show you that you need not be afraid but what the Federal Reserve Bank will treat you right at all times, and if you have solvent paper and good paper your correspondent will take it. So you need not feel afraid of any risk. I think if there ever was a time in the history of this country that patriotism called for ac-

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tion, now is the time for the banks to act and co-ordinate and co-operate together. (Applause.)

MR. BUTLER: Now we pass to the next question: "What reasons are assigned by State bankers for not joining?" It is suggested that we limit the length of our talks. That brings to my mind that one of the greatest speeches in the language, the address of Lincoln at Gettysburg, was but three minutes long, and so we are going to limit our speeches here to that length, if you please. Let us have some short speeches now, to the point. What are the reasons for not joining the Federal Reserve System?

MR. W. H. BROWNING (Pecos): I do not want to go on record as opposed to joining the Federal Reserve System, but I want to give you a little experience we have had. I live out in West Texas, where there was some drouth, and when we saw they were going to aid the banks out there, we had already contemplated joining the Federal Reserve System, we had gotten all our chattel mortgages up in form, and we thought we would get some of that relief money, and we wired to find out if we could. We wired Mr. Smith and asked him to use his influence, and we commend Mr. Smith for what he did for us. He did all he could. We wired Governor Hobby and wired Secretary McAdoo, and they wired back that we could not have any of the money. We needed the money for the drouth, and when that came up, and we could not get any of it, we did not know what to think about it. It says that if a state banker joins he shall have all the privileges of any other member. That opened our eyes, when we were denied any relief money at all, and we wondered, if they stopped there, where else would they cut us out, and we did not know what to do, so we just kept putting it off. I think the only reason we ought to go into it is that we are going to have a full membership the same as the others. I would like to have that explained.

MR. HIRSCH: That was answered this morning. Did you not hear the explanation made by Judge Ramsey?

MR. BROWNING: No; I did not hear it.

MR. HIRSCH: Then, just in fairness to all concerned, let me say that the Secretary of the Treasury is limited by the Act of Congress, which provides that Government funds may be deposited only in national banks, the only exception to that being that when we created the bond issues and the treasury certificates of deposit, there was a special law that any subscriber might become a depository of those funds; that is, if you subscribe for Liberty bonds you can become a depository. Now, it happened unfortunately that the Secretary of the Treasury is prohibited from making a deposit except with national banks. I have no doubt that if it had been contemplated earlier in the game that would have been remedied. You see, they have done away with Government depositories, or, at least, they have them only in a few of the larger cities and the troop cities. You doubtless know that when the Federal Reserve Banks were established they did away with what they called the special Government depositories except in a few instances. I really think it would be a very good thing for the Texas Bankers Association to try to have that act amended, and I have no doubt it will be done, and the Secretary, as was stated this morning, would have liked very much to have done that. I do not mind telling you that Mr. Norton, my friend of the City National Bank of Corpus Christi, and our bank got $250,000 of Government funds, and we wrote a special letter to see if we could not get a deposit for a state bank, and they gave us the law, and that is the only reason. It has nothing to do with the Federal Reserve System; it is just an Act of Congress.

MR. H. W. MEREDITH (Mincola): I understand the State banks have no voice and no vote in the management of the affairs of the Federal Reserve Banks. The National banks have votes but the State banks that are members have no votes.

MR. BUTLER: That is just an oversight. I do not think that was intentional.

Reasons for Not Joining.

MR. P. A. MURRAY (Victoria): At the last group meeting held in Houston I was asked to write a paper by the Secretary, showing or setting out in general terms reasons why the State bankers of Texas ought not to join the Federal Reserve System. I presume that all of you gentlemen read that. I could hardly make a speech on that in three minutes, but to be very brief. I said first, going back to the early days of State banks, when we had no banking act in Texas, after the State banking law was passed, very many Texas bankers went into that system and they are very proud of it today. It has been said that the State bankers should join for matters of, I do not know whether to say of patriotism or not, but to centralize the funds. In this paper that I wrote I said that it occurred to me that that same purpose had already been attained. As you all know, practically every State bank in Texas have correspondents, which are altogether national banks, as a rule, because we have not any very large State banks, except in one or two of the towns in Texas, and they have got a large amount of bank deposits, and they in turn deposit with the National banks, who whether they want to or not, have got to keep their reserves in the National banks, and that has got to go into the Federal Reserve System. So it occurs to me that that purpose has already been subserved. I think that joining the Federal Reserve System is a matter that should be largely determined by the Board of Directors and local conditions, but I do say in my opinion that if State banks are going to go into the Federal Reserve System, they should surrender their State charters and go in as full fledged National banks. In this article that I wrote I went to greater length than I can go right here, but that is my opinion. (Applause.)

MR. BUTLER: I hope every delegate here read the splendid article by Mr. Murray, which was published in the Record. Shall we pass to the next topic: "Should the Act be amended to permit State banks with capital under $25,000 to join?" Is there a wish on the part of the banks with this small capital to see this change? That question was sent in by a number of small bankers. It was stated here by Judge Ramsey that he favored allowing State banks of $10,000 capital to join the System, but it occurs to me that this would be hardly fair to the National banks whose capital is limited to not less than $25,000.

MR. C. H. PEASE (Raymondsville): I will say that I represent a bank of $20,000 and we would be very glad to join the Federal Reserve Bank if we were permitted.

MR. OSCAR PARKER (Cameron): I have a $10,000 capital bank. I would like to join the Federal Reserve System, if I could, but for the fact that being a small bank, depending altogether on the raising of cotton and agricultural products, we never have any paper eligible, and I think you will find that the case is most small country towns.

MR. HIRSCH: I think the gentlemen is mistaken about not having the paper.

MR. TOM RODGERS: I am connected with about seventeen State banks and four of them are eligible under the present capital. And I do not think it would be advisable for those smaller banks to join. We have talked over that situation several times, and so far as our little banks are concerned, I do not think it is advisable.

MR. A. D. McLAUGHLIN (Hamlin): I want to say we joined the Federal Reserve System just as soon as we could. We have been a member four or five or six years. As to eligible paper, we have never had any trouble in re-discounting paper, not the least. We have not borrowed a dollar from our correspondents since we have been a member of the Federal Reserve System, because it is easy to rediscount this paper, and we get it at a cheaper rate than we could borrow it. We figure it out that way. We went into it not knowing why, except it just occurred to us that it would be a pretty good advertisement, you know, and we had printed in red letters on our stationery: "Member of the Federal Reserve System," and it looked pretty good. I did not know what

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would be the outcome of it, but we thought we would try it. We did have some trouble with the bank examiners. They kicked like everything about it, because they had to make a report to the Comptroller of the Currency like they did to the Department at Austin. My friend Squires pulled his red hair and cussed like everything, and so did Louie Cohn. (Laughter.) Then they got over that. Another trouble we had was that we had to make up a statement just like the National banks did, and send it to Austin, and had to make out a report and send it to Austin, but for the past twelve months perhaps we have not had to do that. We just make out one report, and the bank examiners do not have to make up a double report any more, and we are just getting along fine. I am very glad to be a member. This is our experience.

Office of Commissioner.

MR. BUTLER: We are very glad to hear from Mr. McLaughlin and to have him tell us of his experience. Is there anything else on this subject? If not, we will pass to the next topic. This has been very helpful. Those of you who have the question of eligible paper in mind, ought to speak to Mr. McLaughlin about his experience. The next topic is: "How can the office of Banking Commissioner best be removed from politics?"

MR. E. D. TRIGG (Texarkana): I will suggest the way to do that is to keep Mr. Austin in the office. (Applause.)

MR. BUTLER: I hope all of you heard that suggestion, the answer to that question by Mr. Trigg of Texarkana, that we will keep the office out of politics by keeping Mr. Austin in the office. The next topic is, "Should the office of Commissioner of Banking be separated from the Department of Insurance?" What is the opinion of the State bankers about separating the office? Is it desirable? It seems to be pretty generally the opinion of the State banks that it would be better if these two offices were separated, because a man adapted to the office of Banking Commissioner may not be an insurance expert.

MR. M. C. DRISCOLL (Yoakum): I do not know that I can say anything special on this, but it occurs to me that it is of little interest to the bankers whether they are separated or not, as long as the Commissioner is a bank man. Should the selection of an insurance man be made, I am sure the State bankers of Texas would then take the position that it should be separated. But at the present time we really do not know that the Commissoiner is handling the insurance. Since the Banking Department has been established, in every case except one we have had experienced bankers. We had one possibly whose experience was limited. The State banking laws require the examiners to be men of at least 5 years experience. If the commissioner is an experienced man, it certainly would not make any difference it seems to me, to the bankers of Texas whether or not he handles the insurance end of it also. That is my opinion.

Fewer Examinations?

MR. BUTLER: The next topic is: "Should there be fewer examinations?"

NUMEROUS VOICES: Yes. (Laughter.)

MR. PAUL G. VILLARET (San Antonio): Just a word about that fewer examinations. Perhaps some of you gentlemen know me. I used to be a bank examiner. I found in some instances the bankers would say: "Villaret, we do not care if you come here twelve times a year, but we don't want to pay you that fee every time." And I will tell you, the way some banks were conducted it was a shame to take the money. We have good banks that ought not to have had the examination. I believe three are sufficient. For instance, you go to some good bank, you go around there four times a year, and you fill out your examination blank, and it is the same story. He has got a good bank. You have absolutely no excuse. You put down in your remarks "Bank in good condition. Good management. Good so and so, and so on." You do that four times a year, and that is a whole lot with them. I believe three examinations are sufficient with them. But there are some other fellows I believe in giving twelve examinations. I say it does not take long to get banks on a basis where you do not have to go around more than the law allows, because they soon get right. They want to get right, and the only thing is they want you to show them how to get right. Therefore I believe three examinations are sufficient.

DR. B. F. BERKELEY (Alpine): I endorse in the main what Mr. Villaret has said. The only thing I see different between us, I say examine the bad ones as often as necessary, but do not examine the good ones only twice a year. (Applause.) There has been a revolution in banking in the last five or ten years. Never in the history of this country was the standard of banking so high as it is now. Never were there as many safeguards thrown around institutions as there are now. Why should those of us who are running good banks be torn up four times a year by these unnecessary examinations? I for one am heartily in favor of reducing it to two. (Applause.)

MR. W. C. FRAZIER (Gilmer): Two years ago at Houston I had the pleasure of presenting a resolution, as you all remember, for two examinations. That resolution passed the Association and was handed to the Legislative Committee, after which I did not hear any more of it, and I noticed this subject on our program and I became very much interested in it. Gentlemen, I believe with the Commissioner we have now, with these wholesome letters of caution that he sends us, one of these letters that he does not request you to file in your Minute Book, in order that it might be handed to the examiner—I believe under his supervision and his efficient corps of examiners, with some of us at least two examinations a year are sufficient. He has under the law now authority to make examinations as often as he sees fit. I had a talk with Mr. Austin and he is with me on that subject. I am glad to have a chance to state that. (Applause.)

Three Examinations Proposed.

MR. BUTLER: It would be well if it would be proposed here that we adopt a resolution, or say that we move to have three examinations a year, or two examinations, and then adopt a resolution expressing the sense of this meeting.

MR. MILLER (Ballinger): I make a motion that it is the sense of this meeting that we have two examinations a year, and if we cannot get two, that we have three anyhow. Of course under the law the Commissioner can examine the banks any time he wants to. I move that it is the sense of this meeting that we have two examinations of State banks the same as National banks.

DR. BERKELEY: I second that motion.

MR. ED. HALL (Bryan): Mr. Chairman, may I speak to that motion? You know we have a guaranty fund. They went into that law very thoroughly, and that was gotten up by some good strong men. We have a reputation. It is understood that the Texas banking laws are the best State banking laws in existence. They have been copied in other States. And while four examinations may be a little irksome to some of you, and they may be a little too many, yet if you should ask for two examinations, I do not think you will get it, and we want all the protection we can get from the standpoint of the guaranty fund. The State banks of Texas have the best guaranty fund law in existence. We have had very few failures. We have lost very little money. That is for the very simple reason that our banks have been examined very carefully and have been examined four times a year. I do not believe I agree with you on two examinations. Of course, the National banks only have two, but I do not believe that three sometimes would be too many. I believe we have excessive charges sometimes for our examinations that are burdensome, but your guaranty law is an advertisement for you, and so are your four examinations for you. I would be very careful before I passed any resolution that would make any such radical change as would bring it down to two examinations. I realize that the gentleman who has just presented this resolution, and the one who has seconded it are good strong bankers, and successful bankers. I also realize that we have some people who ought to be axamined

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more than four times, and some banks that would be all right if they were never examined, but I believe that two examinations are a little bit too few. It would suit me all right, as far as I am concerned. But I believe we ought to have our examination fees reduced.

MR. HOWE: The gentleman has just spoken my sentiments in regard to this guaranty fund. I want you to remember we have something very important there. We are going to ask pretty soon that the Insurance and Banking Department be separated, yet where are we going to get the money to pay the expenses of that Department? They are paid out of the fees, and if we get fewer examinations, we may get larger assessments. It would be far from satisfactory to me to pay the examination fees than an assessment to the guaranty fund. I hate like everything to charge off the guaranty fund every little while and think of some scalawag getting off with it. I do not care if the bank examiner comes and sees me every month. If he will just tell me when he is coming I will have a chicken killed for him and will be glad to see him. Of course, I do think if he came once every thirty days it would be excessive, but I think if we pass this resolution asking that the examinations be reduced to two we ought to have a merit system. That is, when a bank is examined and you do not find anything wrong with it let that end the examination for some certain time. But don't ask for it all to be done. I was in a ten thousand dollar bank once, and I ought to have been examined every week because I was just like this man who spoke here, I was in a position where I could not get my loans down. In fact, we incorporated in our by-laws that one thousand dollars was the largest loan we would make, but I could not get anywhere, and I had a good deal of trouble. That bank is still living, however. (Laughter.) They got a mighty good man managing it after I left. We should consider these things very closely, especially this guaranty fund.

Mr. Angly Moves to Table.

MR. J. E. ANGLY (Palestine): I heartily second every word that Mr. Hall has said, and as some of the gentlemen remarked here, the three parties that got up this banking law knew what they were doing. I am with this gentleman in saying that I would rather pay a little more for insurance than to pay losses. Your bank examination is insurance. If every bank stood on its own bottom, maybe it would be all right to reduce the examinations. There are some examiners here who might possibly tell you that certain banks are all right, but a good bank can become a bad bank awful, awful quick. Just to bring the thing to a head, now and to stop further discussion on this subject I make a motion that the motion to pass the resolution to amend the banking law about these examinations be tabled.

MR. BUTLER: I suggest that we make motions in order that we might get something definite out of this meeting. Now, I do not think it will be necessary to use the parliamentary rules. Really we are just trying to draw this discussion out. I think the gentleman that offered the motion will withdraw it. We have had a profitable discussion.

MR. MILLER: I know very well if you go to the legislature and say that some of them want this and some want that, you won't get anything, but if you could go there with a definite proposition that we are all agreed on, we would be listened to. After hearing the argument on both sides I withdraw the motion.

MR. BUTLER: Mr. Miller withraws the motion, and suggests that if we go to the Legislature with a divided opinion some wanting it and some not wanting it, we won't get anything, and we will just wait on this matter.

MR. PAGE: Instead of a resolution of that kind let us have a graded examination, a graded list of bankers. Let banks that have a high grade for a certain number of examinations be put on a two a year basis, and others on three a year basis, and others four times. The national banks I think have something of that kind.

MR. HALL: I make a motion that this body endorse a resolution to have our examinations reduced from four to three and to apply to all banks.

MR. MEREDITH: I second that motion. I believe that going to our legislature for three examinations, we will stand a good show of getting it passed, while if we cut to two examinations, the change will seem so radical that it will be like Mr. Frazier's motion, it won't get anywhere, and we won't get any results out of it. As I understand the law, the commissioner already has the right to examine the banks as many times as he deems necessary, which will take the place of any merit system. If we pass a resolution here making the examinations mandatory, making it mandatory that we have three examinations, and then give the commissioner power to examine, as he has the power now, as many times as he deems necessary, we have a merit system right in that measure, and with these remarks I wish to second the motion.

MR. FRAZIER: Gentemen, if there was a case pending against me in the court for petty theft under fifty dollars, and I knew I was innocent, I would not plead guilty to being two-thirds innocent but I would walk up and plead guilty to being innocent and take my punishment. Now, you take the national banks. They are only required to be examined twice a year. I will ask this simple question: Are state bankers a bunch of rascals who cannot be trusted as well as national bankers? I claim that under the provisions of our state banking law our Commissioner of Insurance and Banking can examine us as often as he sees fit. Now, if we ask for three examinations it will not reduce our board of examiners to any great extent, and the same expenses will be required to maintain the force as is required to maintain it at this time. But with two examinations the examinations can be made with less force, and thereby reduce this fee that we are paying examiners. I do not seriously object to examinations. That is not the question I am after. If we can save half the fees charged the state banks, that we are paying for examinations, it will help us. I like our guaranty fund bank. I want all the protection thrown around us that it is possible to have. But when I agree to that motion it seems to me that I am saying that I am less honest than my brother national banker, and that I ought to be watched.

MR. VILLARET: I have asked national bank examiners what they thought about two examinations. They have all told me that is not enough. You have to go back some when you go into a bank. Suppose he misses one examination. He has to go back two examinations in order to get down to date. There are a whole lot of things to do. It won't cut down the examiner's force when we get three instead of four. They need every man on the force. We want the examiner to come and see us, and give us his time, and give us a good examination, and get value received. We want it, and I want to pay for it, and we may have to pay a little more. You know these boys are rushed, badly rushed, all the time. They need every man on the force. I have been badly rushed. I have been accused of making two-hour examinations. Maybe I have had it to do. I tell you you have to consider all those things.

MR. TOM RODGERS: I would like to say with reference to the motion for three examinations, that I think that is a very satisfactory solution. In addition to that, if we have this guaranty fund, you can afford more than the national banks. We are paying for it, and I think it is very necessary to have at least three.

MR. BUTLER: Before I put the question, will you permit your chairman to say a word in this connection? I would regret to see us take action this afternoon, and I am preparing now to ask my good friend Mr. Hall if he won't let us pass this matter. I want to suggest to you, since it has been suggested here that we should have as few examinations as the national bankers, have you observed that there is a laxness in the enforcement of our penal statutes for violation of the infractions of state bank laws? I am sorry to say it, but I think we should confess it and be frank, that the fellows that

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break these laws seem to have some sort of an influence, and I will point it out in a moment, whereby they escape the penalty. There ought to be an amendment to our state bank law that the courts of Travis County should have jurisdiction of all infractions of that law. As it is, the man is tried among his fellows and in his home town, and we have seen the weakness of that law, in the case at Longview and at other places. The assessments that we have been called upon for Teague and San Antonio ought to make us favor not a reduction in the number of examinations, but to retain them, and to give certain banks a great many more. (Applause.) I think we have had a very beneficial discussion, and the time may come when it will be very desirable and very proper for us to have a reduction in examinations. I do not think that time is here now. I do not think we should insist upon this. We are just getting along splendidly. We do need an amendment to the law to give the district court of Travis county jurisdiction over a dishonest State banker. (Applause.)

MR. DRISCOLL: As I understand it, speaking with reference to giving the district courts of Travis County jurisdiction, if a state banker joins the Federal Reserve System, he is amenable to the Federal Law.

MR. BUTLER: That is a splendid suggestion by Mr. Driscoll that when we join the Federal Reserve System we are amenable to the Federal law. Now I am ready to ask Mr. Hall, we are having such a good little family gathering, can't we pass this question, if there is a division here?

MR. HALL: You know the legislature meets before this body ever meets again. I understood you to say that you thought this body ought to take some definite stand at this meeting. It does not make a bit of difference to me whether we are examined twice or four times, as far as I am concerned. I am going to run my bank straight anyway, as far as that is concerned, but the state bankers in Texas ought to realize the responsibility upon them in that line. As far as the enforcing of the part of the statute in regard to the infraction of these laws, that is another point altogether. That has got nothing to do with the number of examinations. If a man disobeys the law, he ought to be handled, and that ought to be taken up in another branch. If you do not want to take any definite action this afternoon in this meeting, and this gentleman wants to table my resolution, I am perfectly willing to withdraw it.

MR. A. R. WOODSON (Conroe): We will never get together but what somebody will be divided, and I think we ought to pass on this question right now. What good are we going to get out of it if we do not do that. I was at first in favor of two examinations, but that might be a little drastic, just to drop from four to two, and I am changing my views to this three proposition. I think we ought to go on record. There is no time when all of us will agree on these things. We will always have differences of opinion and I call for the question.

Is Body Representative?

MR. R. LEE KEMPNER: I have a unique position. I do not have to submit to the examination of the banking department, but we have voluntarily done so, and I think that four examinations a year, as long as the state banking department can supply them are not too many. (Applause.) I agree with Mr. Butler in this. When this matter came up before the Executive Committee, they happened to meet in Galveston, and I was invited there, and Mr. Butler will bear me out that I suggested that we have this meeting this afternoon, but it was to be only a discussion. There are probably not over two hundred bankers here. Mr. Austin tells me there are eight hundred and eighty members of the state bankers in the state. Should the voice of two hundred members who come to the association bind all the state bankers before the legislature or before the world, or before the state, when there are eight hundred who should be consulted? If it is your idea, go on record as favoring a postal card vote on the subject and get the expression of every bank from the ten thousand dollar bank up. Do not take just a few that happen to be here this afternoon. There are probably one hundred more out in the lobby who have not come in. They may want to vote the other way about it. Put it up to a postal card vote.

MR. GAINES: I would like to give my views on the extent of any action that ought to be taken at this meeting. We ought to remember in the beginning that this organization as an organization is in its infancy. We are really in the first stages of its existence. I doubt very seriously whether there are many of us believe that we would leave this gathering with an organized body, with a means of acting and really carrying weight as an organized state institution will, with the state legislature. Now, we ought not to be precipitate in anything we do. We have lived for a good many years under four examinations. We can live longer. I seriously doubt the wisdom of this body's committing itself absolutely to any policy until such time as the body may find itself. We really are not in existence yet, and while this discussion is getting somewhere, and we are getting ideas and expressions, nevertheless we are probably trespassing upon the final and complete organization that you are going to have, which has not yet been perfected by the election or selection of its officers, and the adoption of its by-laws and rules and regulations. I believe, if you would, it would be best not to take any concrete or completed action on anything. There are a good many things that I endorse here. I do really believe that four examinations are too many, but there is another subdivision of this same subject that we ought to discuss, and I believe the next legislature ought to remedy. We are accumulating more money by these examinations than is needed to defray the expense of the examination, and that fund is going into the general fund of the state, and getting beyond our reach. I think if we are going to take any action that is the action we ought to take, and not anything else. I believe that the expense that is incurred is not one that will hurt us, but I do not like to see our money going to the use of the other fellow. Let us either increase that fund, or let us let it revert to the banks that pay it. As a matter of fact we are not to be compared with the national banks because each national bank stands upon its own bottom. Every state bank in the State of Texas stands as a co-partnership, except the bonded banks. Under the guaranty system it is in the nature of a co-partnership. That should make some difference, and it did make a difference in the preparation of the present banking law. It may be, and I believe it is, and will be found to be, better to have fewer examinations and fuller examinatons, but as the banking system grows and the number of new banks increases, the business increases, the work piles up, of course, on the corps of workers, but that ought to be worked out by the banking department, and it does not make much difference so long as we safeguard the banking interests of the state, if it is costing a little bit more.

MR. HALL: I withdraw my motion.

MR. BUTLER: We wish to complete this organization by the adoption of some by-laws. Then we have with us Mr. Hirsch, Ex-president of the Association, who has an appointment, and he has a message for us from the State Council of Defense.

Protect Gins and Oil Mills.

MR. JOE HIRSCH: Gentlemen, in the first place I want to introduce myself as Mr. Hirsch, President of the First State Bank of Robstown, to let you know I have a place here.

MR. GAINES: What kind of a town?

MR. HIRSCH: Robstown. (Laughter.) Now, gentlemen, I hoped to present this tomorrow to the general convention, but Mr. Lipsitz has asked me to present it here. This is a matter which was discussed at a recent meeting of the Council of Defense. I think it is a matter that ought to be seriously considered, and also considered by the general convention. It is the question of safeguarding our gins, our oil mills, our compresses, and all businesses which are engaged in the storage of food and feed products this fall. Now, many of you are doubt-

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less members of the county Council of Defense. Many of your Councils of Defense are probably at this time organizing home guards. Many of you doubtless live in communities where you have inadequate police protection. I respectfully suggest to you, as a member of the State Council of Defense, that you make use of your home guards in protecting these quasi-public institutions. You will remember that last fall we had a great many fires, not only in the state, but in the grain districts, and I bring you this message and urge that you give it consideration. Do not dismiss it when you go home, because it may be that the safety of your business, the safety of your bank, the safety of your town may largely depend upon some measure of protection of this kind. I think it is a very important matter. I think it a VERY important matter. The Secret Service Department tells us that organized agents of the German Government are abroad in the land, and that many of the fires that are occurring in the United States today are due to these agencies. I, therefore, present this thought to you and I have got to leave, to meet President Hinsch.

Just one other message. How many members present belong to the American Bankers Association? How many bankers here do not belong to the American Bankers Association? Will you please rise? I want to call your attention, gentlemen, to the fact that the American Bankers Association offer you a very great additional protection. I think if you will investigate and write to the Secretary of the American Bankers Association, I believe that practically every banker who stood up here will be able to pay his dues in the American Bankers Association out of the saving in telegraph charges in each year's time. Just the saving of cost in the use of the code is well worth the money you spend. You know at the meeting yesterday we elected a member from Texas, of the Executive Council of the American Bankers Association, and we can have another member provided we can get forty-five more members of the Texas Bankers Association to join the A. B. A. Gentlemen, the protection of the American Bankers Association's sign is well worth what it costs you. You know very well that burglars and thieves generally leave those banks alone that belong to the A. B. A. because they are relentlessly pursued and prosecuted to the end, and if any one of you should be the victim of a hold-up or burglary, at any time, you are not put to one cent's expense. The entire protective machinery of the American Bankers Association is at your disposal. There are many other reasons that I will not burden you by recounting at this time. I hope you will consider seriously the matter of joining the American Bankers Association. I thank you. (Applause.)

MR. FRED M. JACK (Dallas): If any of you gentlemen in the small towns want any information regarding the organizing of home guards, I will be glad to give it to you. Write me care of the First State Bank of Dallas. I have been a member of the Dallas Home Guards, and I shall be glad to give any of you any information you wish.

MR. MEREDITH: I see quite a number of our men leaving, and I have a little matter that I want to present before they go. I want to offer the proposed by-laws to govern this section of the Texas Bankers Association:

(Proposed) BY-LAWS OF THE STATE BANK SECTION TEXAS BANKERS ASSOCIATION.

"Galveston, Texas, May 15, 1918.

"Membership.

"Section 1. Any state bank doing a commercial, trust or savings bank business, member of the Texas Bankers Association, shall be eligible to membership in this section.

"Administration.

"Section 2. The administration of the affairs of this section shall be vested in an Administrative Council of seven members, one from each district, who shall be elected by popular vote of the members present, and remain in office until their successors are chosen and appointed.

"Section 3. A chairman and vice-chairman shall be elected by the Administrative Council. All ex-Chairmen shall act in an advisory capacity to the administrative council and may attend its meetings, and participate in its deliberations, without, however, being entitled to vote or to reimbursement for expenses incurred in attending meetings.

"Section 4. The Administrative Council shall select its own Chairman and Vice-Chairman from among its members, and may select a Secretary to keep a record of its work and actions, reporting same to the General Secretary of the Texas Bankers Association when he cannot conveniently attend.

"Section 5. The Administrative Council shall be elected at the annual meeting by the members of the section. At the first election after the organization of the section three members shall be elected to serve for one year and four for two years, and thereafter members shall be elected for three year terms, except in case of a vacancy, which shall be filled by an election for the unexpired term. No officer or member of the Administrative Council shall be eligible for reelection until one year following the completion of a full term of office.

"Section 6. The Administrative Council shall have the entire administration of the affairs of the section between annual meetings and may adopt all necesary rules covering the business of this section.

"Section 7. This section shall meet annually at the time and place of the convention of the Texas Bankers Association.

"Section 8. The Administrative Council may be called together at any time by the Chairman and he shall call a meeting thereof on the request of three members of the Administrative Council. All committees of this section shall, so far as practicable, be composed of members of the Executive Committee.

"Section 9. The President shall represent the section, and be a member ex-officio in the general executive committee of the Texas Bankers Association.

"Section 10. These by-laws may be amended by the scetion in anual session by a two-thirds vote of the members present: Such amendments, however, shall not become operative until approved by the general executive committee of the Texas Bankers Association."

I move that we adopt these by-laws.

(The motion was duly seconded.)

MR. MURRAY: The matter of providing by-laws for a Convention should not be a matter of half a minute, and if the gentleman will allow me to amend that motion, I will suggest that the chair apoint three men or five men to take into consideration the resolution just offered, and if it does not approve these by-laws, that it submit back to this convention a draft of by-laws that are approved, which shall be adopted section by section. This is pretty near like organizing a new banking association here. I think it should be given a good deal of thought, as to the matter of the by-laws, because this may finally get down to the point where it will be an association by itself. It looks to me very much like it is drifting that way. We have got a pretty big crowd here. I move to amend as I have stated, if I can get a second.

(The motion to amend was duly seconded.)

MR. BUTLER: The motion is made to amend the previous motion, and to appoint a committee on by-laws, to take charge of the proposed draft of by-laws, and report back to this convention. Was it your idea to report back this evening?

MR. MURRAY: The hour is growing late, and I would suggest that they should have a meeting tomorrow. I do not think by-laws should be adopted without a good deal of discussion. It is getting late, and I am sorry that the gentleman did not offer that resolution right in the beginning, and we would have gotten through with it right away. I will leave that to the discretion of the chair.

MR. BUTLER: May I make a suggestion of a way out? We need a working committee, and the executive committee will welcome the nominations of seven men. I take it you will want seven men to correspond to the seven districts. Would it not be well for us to dispose

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of that in some way, that we have seven men to represent us over to next year, and we can take the subject of by-laws up at the next meeting a year from now.

MR. W. C. DEW: Was there not a resolution passed that the by-laws of this section had to be approved by the general association?

MR. H. D. ARDREY: Those by-laws have been considered carefully, I am sure. All I know about a by-law, is that if it don't suit you you change it, and with the executive committee having to pass finally on them I see no objection to passing on these by-laws, as they stand, and then letting the executive committee deal with them.

MR. BUTLER: I observe that these by-laws are a practical copy of the by-laws of the State Bank Section of the American Bankers Association, and about all they provide for is the administration of this section, and it seems to be vested in seven men, representing the seven districts of Texas, and that the retiring chairman remains over for a year, the purpose being that he would carry into the next committee the policies and experience of the past year.

MR. MURRAY: If those by-laws have to be referred to the Executive Committee of the general convention I withdraw my motion. I did not know that. That would be perfectly satisfactory to me.

MR. BUTLER: Mr. Murry withdraws his motion, and we come to the motion to adopt the by-laws. You understand, gentlemen, these by-laws must be approved by the Executive Committee of the Texas Bankers Association before they are effective and binding.

(The motion to adopt the by-laws was unanimously carried.)

MR. FRAZIER: I move that the chairman be empowered to select the committee of seven and announce it tomorrow.

MR. DEW: I want to add a little to that. I want Mr. Butler on that committee and if we give him the authority to apoint the committee he will leave himself off.

MR. J. F. BARNETT, Palacios: I make the motion that this body elect Mr. Butler a member of that committee.

The motion was seconded and unanimousy adopted.

Then the original motion by Mr. Frazier that the chair appoint a committee was seconded and unnaimously adopted.

MR. BUTLER: There will be a meeting of the Executive Committee of the Association soon after the convention, that will be called by the incoming President and our Secretary. At that time it will be proper for them to consider our by-laws. Now, it is desirable that the constitution of our association be amended so as to provide for this child, this section. It will just take a little change. Someone might look after that. Perhaps the committee you have authorized me to appoint might take that as its task.

MR. DEW: I move that the chairman of this body take charge of this matter, and do whatever necessary, and that we now adjourn.

The motion was seconded and unanimously adopted and the meeting adjourned.

Third Day, Thursday May 16

The convention was called to order at ten o'clock a. m. and the audience stood while Rev. J. J. Murray, Chaplain, Coast Artillery, Fort Crockett, delivered the invocation

INVOCATION

By Rev. J. J. Murray.

ALMIGHTY God, Thou who dost control the affairs of men and the destiny of nations, we do most humbly beseech Thee and invoke Thy blessings, O God, upon America today, upon our nation, in this hour of crisis, of world crisis. O Father, we would ask that Thou wouldst bless especially with wisdom and power those men in the nation into whose hands have been given the sacred trust of directing the finances of the world war and of the nation. O God, may that great wealth, which before our entrance into this trouble was threatening to become a curse to our country, become now the means of regenerating the soul of America. We would ask Thy blessing upon our President, and upon all his counselors. And unto Thee shall be given all the glory and honor and praise forever. Amen.

THE PRESIDENT: Ladies and Gentlemen: The first number on our program this morning is an address by a former Galveston citizen, who was editor of the Galveston News. I am told that this gentleman lived here in Galveston for several years, five years, and that he is very highly regarded. I do not know that I ever knew of any one man who seemed to be so highly regarded by those with whom he had been so long associated and I can hardly understand the situation, that you could have lived here in Galveston for five years and still stand so highly in the regard of those with whom you were so constantly associated. Mr. Briggs is Assistant to the Manager of the Southwestern Division of the American Red Cross, and he is here to speak to you this morning and to bring you a message about the Red Cross. I feel that it is a great privilege and pleasure to present to you Mr. George Waverly Briggs, and to give you the opportunity of listening to what I know you will find is a masterful address on that subject. (Applause.)

The American Red Cross and the War

Address by GEO. WAVERLY BRIGGS, Assistant to Manager, Southwestern Division Red Cross, St. Louis

MR. PRESIDENT, Ladies and Gentlemen: I feel that I can assure the President of this Association that if the regard of the people of Galveston has lingered for me, it is due to one of the noblest attributes that a people ever possessed, namely, the great liberalty and toleration of their hearts, which make to them friends of all who have associated with them and striven deligently to prove worthy, though not successful. (Applause.)

It is indeed a very genuine pleasure to me thus to respond to the very kind and highly appreciated invitation of the Texas Bankers Association to address you this morning. To come back to this lovely and heroic city, where I lived so many happy years, and to see the eyes of my old time friends kindle with a cordial glow of welcome afford in themselves an experience fraught with a very keen delight to me, intensified by the inspiration which I gather from looking into the faces of so splen-

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did a body of men and women. And I feel as I come before you this morning, that if I shall say anything that will be at all of interest or worth while to you, it shall be due more to the inspiration that I shall gather from the earnestness of your countenances than to any capacity of my own to expound the subject that I have chosen for my remarks.

GEO. WAVERLY BRIGGS.

It is especially, too, a pleasure to come before you to speak upon this subject, an institution that has been aptly called the "Greatest Mother in the World." To me there is no more vivid a metaphor, no more luminous a phrase, in which it may be described than this, for the greatest mother in the world portrays with perfect harmony and completeness the ideals and the purposes and services to which that institution is dedicated and committed. It knows no lines of racial, credal or political demarcation. In its eyes all mankind are a single family, and the proper object of its consideration and care. Wherever war and pestilence descend upon the earth, or storm and flood bring distress and grief to men, there is always to be found the loving helpful presence of this, the greatest mother in the world, to comfort and to aid. Her bosom beats with sympathy for all things that live. Her dextrous hands are ceaseless in their ministry to the wounds of body and of heart, and in the exhaustless wealth of her magnamity and love, the poor, the weak, the halt, the blind, the fearful and the needy may find their sweetest solace and repose. She is the world's ideal of human mercy and benevolence. She is the RED CROSS. (Applause.)

Beginning of the Red Cross.

It was in the horrible welter of carnage and human heartache that marks the tragic path of war that the Red Cros found its inspiration and its life. It was the almost immediate fruit of a heroic thought to serve, conceived in the gentle heart of a woman, who strove among the dead and dying on Crimean fields for the Godlike purpose of allaying the pain and suffering of friend and foe alike. This noble service that shall ever endure to the glory of Florence Nightingale (applause), established a new standard of mercy among men and became itself the living nucleus of the world's greatest and most efficient medium of philanthropy and brotherly love. From that time to this it has aspired to the supreme ideals of the noble-minded throughout the earth, and has striven diligently and with augmenting success to translate them into concrete blessings for mankind. It is grown and expanded with the years until at last it has wrapped the world in its mantle of love, and is devoting all of its energies and time to the healing of the wounds of warfare and disaster, and the binding together of ancient foes in the indissoluble ties of friendship and affection. At this grim hour in American life it has become the universal sacrament of the nation's soul, the one expression of patriotism and devotion in which every American heart can join. Gallant soldiers and sailors are defending our honor and rights upon the land and sea, but only the chosen, the physically fit, may go. The Federal Government at Washington is bearing the burden of the plans and execution of the Nation's most stupendous task. It is only ours to yield it implicit obedience and support. (Applause.)

But in the Red Cross we all may find our parts to play in the greatest drama of the world, parts that have been specially cast for us, and which afford a ready medium for the expression of the loyalty and devotion that are within our herts. The Red Cross merges into a common usefulness all the varied kinds and types of service that the diverse life of a nation of a hundred millions of people necessarily provide. Thus it functions as the great heart of America, beating with ineffable sympathy for the grief of the aged mother, the unutterable anguish of the young wife bereft, the wide-eyed wonder of little children, whose innocent minds have come not yet to understand it all. Yea, it beats as the greatest generating impulse that transmits its multiplied forces of love and care and admiration across the seas and into the trenches of France and Flanders, and onto the war stripped decks of a thousand ships, to cheer the soldiers and strengthen the purpose of countless heroes, who are standing there resolute and unafraid in our defense upon the grim frontier of freedom over there. (Applause.)

Universal Appeal of the Red Cross.

Accordingly the appeal of the Red Cross is as universal as its service. It is directed to the heart of each of us, and it must be responded to in direct proportion to the loyalty that is ours and the sincerity of our desire to serve. Ever since the inception of the institution which it represents the sign of the Red Cross has been the sacred and respected symbol of mercy and neutrality, of humanity and love. Since ministry in its name has never recognized any distinction between friend and foe, when caring for the wounded or comforting the dying, it has immemorially enjoyed the same immunities and protection from friend and foe alike. Until these dark days in which we live had cast their pall upon the earth the Red Cross flag had been held inviolable by men and nations throughout the world. It remained alone for the cruel and conscienceless foe against whom outraged society is today arrayed to wage the first assault upon it. Germany is the first cultivated nation of the world that ever torpedoed a hospital ship, the only nation that ever dropped bombs upon the wounded and dying, and those ministering to their distress, and the only nation that ever employed its sharpshooters from the concealment of distant ambush to strike down the stretcher-bearers as they went about their mission of mercy in the wake of battle. Why, even the brutal and unspeakable Turk was seen to hold his gun fire at Gallipoli until a Red Cross English hospital could be moved beyond his range. But his Germanic master, self-proclaimed and ostentatiously christian that he is, invariably finds in the sign of the Red Cross the most inviting target for his super-guns. The atrocious crimes that Germany has committed against the sanctity and benign neutrality of the Red Cross alone would be sufficient to exclude her from the pale of man's mercy and respect. (Applause.) But, amazing though it be, these crimes constitute but a trifling portion of the diabolic record upon which she must some day be obliged to come before the judgment seat of nations by a just and righteous God. Beyond all these things, Germany has proved herself to be false to all honor, for she has broken her

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treaties, belied her promises and repudiated her most sacred and solemn obligations. She has violated the laws of nations, for she has invaded neutrality, permitted massacres, enslaved captives, and plotted the basest intrigue against friend and foe. She has transgressed the laws of humanity, for she has sunken our ships without warning, attacked undefended towns, and destroyed the cherished treasures of the world. She has sinned against the laws of God, for she has committed murder and theft and arson, and commanded and sanctioned the basest and most atrocious outrage and torture upon defenseless women and innocent little children. Her criminal record during these four years of war has made her an outlaw among the nations of the world, an enemy upon whose vanquishment the safety of mankind depends, an enemy whose utter and complete defeat must be the sole absorbing purpose of every man and institution to whom honor and right and freedom and mercy are dear. (Applause.)

Red Cross and Victory.

Now, ladies and gentlemen, it is for these reasons that the Red Cross, this American personification of the greatest mother of the world, has today espoused a new and paramount purpose. It has sprung full formed and controlling out of the exigencies of the nation's most trying hour. The ordeal through which civilization itself is bravely passing, the multifarious functions through which the Red Cross ministers to distress in the time of peace, and lays the healing balm of tender service upon the world have been unified and organized for the achievement of a single stupendous end, beside which the objects of the past, beautiful, humane and merciful as they have been, seem wholly incomplete and of little moment in the world. That purpose is the winning of this war.

Now, I am speaking altogether of the momentous present in the life of the Red Cross. Enduring monuments to its past achievement speak eloquently of a service unique in the history of the world, without which the present supreme endeavor could never have been undertaken or conveived. The future of the Red Cross is the future of all things. It is impenetrable to mortal sight, and may be foretold alone in shadowy images of things that may possibly come to pass, the vision changing to each eye that may behold it. For one man to look upon the future of the Red Cross may be for him to discern only a continuing medium for the alleviation of pain and suffering, and the moderation of the peculiar hardships that wait upon conflict and disaster. For you to regard it may be to perceive the remote attainment of that parliament of man of which the poet dreamed, and liberation of the world for all time to come by the sweet and chastening spirits of fraternity and peace. Certainly when I look upon it it is to call before my imagination the loveliest and most comforting of visions. I see it inseparably bound up with the adoption in all the lands of the earth of the simple and kindly precepts that fell from the lips of that great and good Teacher who appeared to the children of Israel nearly two thousand years ago, and revealed to them a new ideal of social amity and truth.

Our Present Stupendous Task.

In the unfaltering service of that patient and heroic life the Red Cross has found its noblest inspiration and may behold the ultimate purpose of its supreme endeavor. I believe with all the fervor of my soul that by the devotion of its spirit to kindliness and brotherly love throughout the world the Red Cross is actually hastening the day of prophecy, when man shall beat his swords to pruning hooks and live at peace among his neighbors and they with him. But the gleam of that millenial dawn, as it begins to break upon the minds of men, is shaded by the greatest crime of all the ages, whose essential wrongs must be entirely rectified and their evil effects atoned for, before the sunlight of universal love can ever emerge from the mists that now obscure it to shed its warmth and radiance upon the world. Therefore, we must not in times like these indulge too long in dreams of things to be. We are not now concerned the most with building to its realization, and any progress to that specific end that we are able to make now must be incidental to and essentially a part of the accomplishment of our present stupendous task. There can be no satisfying progress in religion or ethics or art as long as sacred human institutions can be overturned and ruined at will by nations maddened by ambition or drunk with power. The freedom of the world to live its own life and to grow in fraternity and peace depends upon the respect for God's eternal laws, and respect for the rights of men that are founded upon them. Until marauding nations can be held in leash by the lawful forces of the world, just as traffickers in crime are restrained by the laws of the sovereign State of Texas from repeated and wanton violation of your property and person, until this outcome comes there can be no orderly or substantial progress of society towards its ultimate and intended state of happiness and peace. Hence it is, without despairing of a single precept in its lofty creed, but moved rather by a vivid understanding of the appalling fact that in these strange and barbarous times love and mercy and fraternity and peace, and whatsoever things in life are good, depend for their very existence upon the world, the Red Cross has committed itself with heart and soul to the achievement of this new and holy purpose. (Applause.) And to that end it has taken its stand upon the firing line at home and the firing line abroad, with the same exalted courage and self-denial that animate the soldiers in the trenches and the sailors with the fleet.

Now let us just for a moment regard this new purpose of the Red Cross. Once we comprehend its import, together with the difficulties that lie in the way of its attainment, and strive to imagine the human heartache and national peril that would proceed from its incomplete fulfillment or its failure, we become seriously impressed with the imperative necessity of performing to the uttermost of our ability and with promptness the individual duties that devolve upon us as Red Cross men and women, and the special sponsors of human liberty in the world. A casual survey of the situation that confronts us is sufficient to tell any observant eye that these purposes are not even near to consummation. Yet notwithstanding the evident warning of recurring events, emphasized though they be by the persistent hammering of a gigantic machine against the bending line in France, notwithstanding these things, there are some amongst us who seem not to know that we should begin now to toughen the fibre of our resolution that we may bravely bear the strain of a long and a dreary war with all its bitter accompaniments of discouragement, endless sacrifice and grief. Upon such as these I cannot urge with too strong a tongue a careful study of that somber picture that the brush of war is painting upon the background of our lives, in whose shadowy detail certain grim facts appear, namely, that Germany has thus far won the war; that she has lost nothing but blood, and of that she has an abundance to spare; that any peace that might be concluded upon the basis of the military situation today would be a German peace, and a triumph for Germany and the German idea of ruthlessness and world-dominance by martial power. In order for us to fully grasp this it is only necessary that we look with candor upon the wreck of Belgium, the ruin of Servia, Roumania's devastation, and the long travial of France in agony under the grinding pressure of the invader's heel; it is only necessary that we grasp the signification of the fact that Germany has cast her sinister coil of influence and control around the lives and energies of nearly two hundred millions of people, and by intrigue and broken faith with Russian ignorance and credulity has opened to her own expert cultivation fertile fields enough to feed her armies and her civilian population for all time to come. How long shall it be before we see these solemn things in their proper light, and understand that all we own and all we are must be dedicated to the consummation of this stupendous purpose, if civilization is to be saved from ruin and our own rights established before the world? And how long, I say, how long before we shall begin to visit a just contempt and condemnation upon the man who cries, "Peace, peace," when there is no peace, and who refuses to perform his full part amid the comforts and security at home while American youths are spending all upon the firing line in France? (Applause.) Our leaders are telling us every day that this gigantic war is the most collosal thing the world has ever known, and the mightiest thing in the

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lives of you and me, and until we give it the foremost place in our minds and hearts, to the exclusion of all things else that would obscure it, America will never be able to function as a nation in arms in support of her men in arms abroad.

Indifference Is Dangerous.

Now, ladies and gentlemen, I would not have you infer from anything that I have said that I would by any means imply that America is derelict in her highest duty or unresponsive to the extraordinary demands upon her. Such is not the case. But I do assert, with all the emphasis that I may command, that there are altogether too many amongst us who are prone to look upon this war with indifference, or at best with but a mild and intermittent concern. The great majority of the American people I believe are coming rapidly to realize that the hour has struck that ushers in the choice of two destinies for their children—on the one hand a future of tranquil happiness guaranteed by a victorious flag, and on the other generations of feverish preparation for the mighty and decisive conflict with autocracy which the world must surely witness now or in some distant day. They are more and more beginning to understand that this choice does not depend alone upon the army and the navy, but jointly upon the people at home, and shall be determined in the long run by the measure of their sacrifice and devotion on the one hand, or the degree of their apathy and delay upon the other. That sentiment, I believe, is beginning to pervade the nation, even as it has consumed the gallant people of France and England for more than three long years, and when it shall have seized firmly upon the hearts of each of us, and supplanting all other sentiment and emotion, impel us to the performance of the full part that is ours, then and only then shall America, responding as one man, to the impulse of a single aim, move on to a swift and certain triumph for our holy cause. (Applause.)

Now, ladies and gentlemen, these are not fervent generalities nor vain abstractions. They are very quickly translated into specific and concrete things. America does not summon us to service only to leave us to wander aimlessly in a labyrinth of haphazard or undirected effort. She does this no more than she would think of sending her armies afield without plan or equipment of battle. America summons each of us to service, assigns to each of us a definite task, and fashions to our own hands the ready instrument of its performance. She does this through the medium of the American Red Cross. Created by act of congress, dedicated by law to the relief of the distress of war and disaster, headed by the President of the United States, guided and directed by wise and able men of his selection, the Red Cross has been built up under the urge of this present emergency into a vast and efficient machine, that is ceaselessly operating as an adjunct to our engines of war, and you and I are asked to contribute to its sustenance and power. It is in most instances, to be sure, a very humble and inconspicuous service that we are called upon to perform, but it is a service that is nevertheless vital and determining. A small and unseen part in a Corliss engine may be just as needful to the efficiency of the entire machine as the steam that generates its power and the governors that control its speed. Thus it is with you and me in our relation to the great Red Cross. The efficiency, the service, the product, of this great institution represent merely the completed task asigned to you and to me, and when we shirk or fail the efficiency of the entire machine is correspondingly impaired. Now, I understand how prone we are to look upon our individual parts in so vast an enterprise as being trvial and of little avail. In the fervor of our patriotism, we yearn to do something of great and obvious value in itself, but manifestly such a privilege as this cannot be given unto each of us. And when the feeling of discouragement comes we may often gather a new zeal and fortitude from reflection upon the comforting fact that the great battles of the world have always been won and lost by the rank and file. It was the Minute Men of 1776 who brought a new nation into being. It was the sons of the North and South, unknown to fame, who bound it inseparably together in ties incarnadine, in sacrificial blood. It was the humble grenadiers of France, and not the great Napoleon, who bore her conquering eagles across a hundred hard fought fields. And it shall be the pride of the soldiers of Petain and Haig and Pershing, who shall raise the glorious standards of democracy, if God wills that they shall be raised, above the ramparts of tyranny's last retreat. (Applause.)

Work for Each of Us to Do.

We cannot all be chieftains in the field, nor leaders of men and women at home, but the privilege is given us to serve, even as the soldier in the trenches serves, with all we have, and when we approach our daily task in this humble spirit of willing service, we may be assured that we are contributing our whole part to the consummation of this new and holy purpose. We live in the lasting glory of duty done, and again abiding compensation in the truth that—

"A servant, with this clause,
Makes drudgery divine:
Who sweeps a room as for Thy laws,
Makes that, and all th' action, fine."

This, ladies and gentlemen, is the spirit of true Americanism today. It is the spirit of the American Red Cross. It is the spirit the President had in mind when he solemnly told us the supreme test of the nation had come, and we must all think, work, and serve together. It is the spirit that must be ours to win. It is the spirit that must be proclaimed in every word and deed, until it rises like a mighty anthem upon the winds of heaven, to roll on across the seas and reverberate in every country of the world, as from one hundred million loyal hearts the fervent cry goes up:

"America, my country, now come is thine hour.
The God of Hosts recks on thy courage and power.
Humanity pleads for the strength of thy hand,
Lest Liberty perish on sea and on land.
O Guardian of Freedom, O Keeper of Right,
When Liberty pleads, there is task for thy might.
Divine right of kings or our freedom must fall.
America, my country, I come at thy call."

(Prolonged applause.)

MR. EDWARD F. HARRIS: In behalf of the Galvestonians present I desire to ask the chair if the events of the morning have thrown any light on the mind of the President, as to why we Galvestonians meet George Waverly Briggs with respect in our minds and love and affection in our hearts? (Applause.)

THE PRESIDENT: I just want to say to the Galveston friends of Mr. George Waverly Briggs that the only thing that I do not now understand is why you could possibly seven your social and business relations with him. (Applause.) There is only one thing to my mind that excuses you, and that is the broad field of labor to which he was called. (Applause.) Just at this juncture I want to ask Mr. I. H. Kempner to come to the platform. I have had a very pleasant acquaintanceship of very many years standing with your distinguished fellow-citizen, Mr. I. H. Kempner. During all these many years of our acquaintainceship I have never found reason to distrust him in the least. I have always found him to be entirely sincere, and I want to call upon him this morning to make a very careful explanation to these people here, as to why he and the Galveston friends of Mr. Briggs consented for him to take his departure from among them. I have the pleasure of presenting to you Mr. Kempner. (Applause.)

Mayor Kempner Compliments Briggs.

MR. I. H. KEMPNER: Mr. President, Ladies and Gentlemen: I am called on rather suddenly to give to this audience an explanation that possibly to some of you may sound a bit trivial. While it is absolutely in the nature of a surprise that I am here on this occasion, I can offer no better explanation of the reason that we permitted Mr. Briggs to leave us than that we have a way in Galveston of doing things, and we hope to train others

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to follow in the path that he is setting before us. Mr. Briggs, I believe is a native Texan. He came to us a few years ago, and with the opportunity afforded to him in Galveston as Editor of the Galveston News he developed under responsibility those qualifications that met with the notice and observation of men of affairs elsewhere. When Mr. Briggs left here he left behind him hearts of a community that beat in unison with all of his plans, with all of his aspirations, and I believe I can truthfully say that he left here with a heart that was weighted with regret on one hand at leaving this community, and enthusiastic on the other hand with the thoughts of the things that he could accomplish. Mr. Briggs has spoken to you so eloquently that no words of mine are necessary to explain his appeal or to draw your attention to the magnificent orator which Texas has produced. But I know that I represent the spirit and the feeling, not only of Galveston but of all Texas, a feeling of pride that Texas has produced a man of his calibre, and that Texas has dedicated to the noble service of the Red Cross talents such as Mr. Briggs possesses. (Applause.)

MR. BRIGGS: Mr. President, Ladies and Gentlemen: To say that the tribute that the Mayor has paid to me has touched me deeply would be to say the obvious. The happiest period of my life was spent amid these good people on this lovely island. Wherever I go I shall carry away with me the lingering thoughts of that association. I shall cherish them, and they shall be to me as a beacon light in the future, to keep my path clear of obstacles that may be laid there by my own inadvertence and my own wrong doing. Wherever I go the people of Galveston and people of Texas shall be my warmest and most cherished friends. I count the days spent with them as golden. (Applause.)

THE PRESIDENT: Ladies and Gentlemen: We have with us this morning a very distinguished gentleman who comes to us representing 20,000 American Bankers. He is the President of one of the largest banks in this country. He has been active in all the war activities of this country, and has especially distinguished himself along those lines. He has come quite a distance to be with us, and I believe is the second one of the Presidents of the A. B. A. to honor us with a visit and to favor us with a talk. I have this morning the special privilege and pleasure of presenting to you Mr. Charles A. Hinsch, President of the American Bankers Associaciation. (Applause.)

President Hinsch Talks.

MR. CHARLES A. HINSCH: Mr. Chairman, Ladies and Gentemen, and members of the Texas Bankers Association: I have listened with rapt attention to the inspiring address that we have just heard, delivered by Mr. Briggs, and it seems to me that if there were lacking here in any way the spirit of patriotism that pervades this great land, surely the words of Mr. Briggs must have awakened that spirit and inflamed it into life. It was to my mind one of the most marvelous addresses I have ever heard, and would to God that every man, woman and child in this great country of ours could hear that address. (Applause.) There has been entirely too much apathy in this land. We have had a sense of fancied security, because 3,000 miles of water separated us from the front. But, ladies and gentlemen, this war was our war when Germany violated the neutrality of Belgium (applause), and we lost three years of preparation in the vain hope that we could in some way avoid this awful cataclysm. It is a shame that we could not have used those three years in the preparation that would have been so valuable to us at this time, and which would have shortened this awfuf conflict. But at last I am glad to say we have awakened to a full sense of realization of our danger, to the realization that we are not fighting alone for a sentiment, but we are fighting absolutely to protect our homes from the atrocities of the Hun. (Applause.) Let us not delude ourselves for one moment into a belief that we are simply fighting the autocracy of Germany. We are fighting the whole German Nation, and not until we have brought Germany to her knees and signed a peace that will be dictated by the Allies need we feel that we have any security for the future of humanity. There never was a time in the history of our country when unity of purpose was so necessary as it is today; a time when cooperation was so imperative. There is nothing that will resist the dynamic power of co-operation properly directed. It is to that task that the American banker must devote himself from now on.

The American Bankers Association, as has been stated, is composed of about 18,000 banks, but we hope by September to increase that number to 20,000, and I am counting on Texas to give her full quota, and then some. (Applause.) I am told that you have about 1,600 banks in Texas. Of that number 1,550, I believe, are now members of the Texas Bankers Association, but I regret to note that less than 50 per cent of your membership are also members of the American Bankers Association. Now, you only need, I am told, about 40 or 50 additional banks to qualify for an additional member of the Executive Council of the American Bankers Association, and I would certainly feel it a deep compliment to the President of the American Bankers Association if, at this meeting and now, these additional members could be secured, for this great work in which we are engaged. The American Bankers Association is the only organization that is authorized to speak for the American banker and we are in a position where we have access to the authorities at Washington. They are glad to talk over the problems that we have to discuss with them, and I am glad to state that we have been largely instrumental in securing the passage of amendments to the Federal Reserve Act that have made this Act so much more workable than it was when passed. I figure that the Federal Reserve Act as passed was about 70 per cent efficient and I believe today it is 95 per cent efficient, and largely due to the good offices, if I do say it, of those identified with the American Bankers Association. (Applause.) That is because the American Bankers Association has a committee known as the Federal Legislative Committee, augmented by the Federal Legislative Council, made up of a banker from the Executive Council in each state of the Union, and these men are charged with the responsibility of watching pending legislation, condemnir the bad and approving the good, and many times changing the phraseology so as to render a questionable bill a good one. The American Bankers Association today believe is at the pinnacle of its strength. This last yea we have been recognized in a signal way by the United States Chamber of Commerce and by the National Foreign Trade Council. These two great organizations honored the president of the American Bankers Association by asking him to preside over the finance sections of their organizations, and I am glad to state that committees from these organizations are working harmoniously together, and where we run on parallel lines, we have joint committees.

Age One of Progress.

This is an age of progress, and the American banker and the merchant and the farmer must look forward to a new era, when this world war shall have finished, and the time to prepare for peace is in time of war. I believe, therefore, that it is important at this time for us to give careful consideration to the problems that are bound to confront this nation when this war shall have closed, and I do not know of any agency that can be of more potential aid than the American Bankers Association at this time. I want to feel that we have this great state of Texas back of us. Surely we should have a larger representation in this parent organization than we have from this state. Day before yesterday I addressed the bankers of Arkansas. They only needed a few more, as you do here, to give them an additional member of the executive council, and I was glad to see them go over the top, so far as the membership in the A. B. A. was concerned, in that meeting, just as they had gone over the top in connection with the War Savings, and in connection with the Red Cross, the Y. M. C. A., and the Liberty Bond subscriptions. I believe the temper of the people here today is such that they will need little inspiration to go over the top, so far as giving the Amer-

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ican Bankers Association at least a membership of seven hundred. Now, if there are any bankers here that are in doubt as to the attitude of your directors, do not wait. Go ahead and join and tell them what you have done. They will think more of you when you go back home that you had the initiative to do this on your own responsibility. Tell them, if need be, that you will pay the dues, which are small, yourself, and I am sure when they realize what the American Bankers Association can do for its membership, they will be glad you have undertaken to act for them. Last week we had a meeting of the executive council at Hot Springs, and at that meeting we decided upon the appointment of a committee on co-ordination of war activities, and I am satisfied when that committee makes its report the convention will endorse its action, and we will have through that source a degree of team work and co-ordination that has never been possible before. At the present time the administrative co mittee of the American Bankers Association, which is really the governing body, is composed of five national bankers. Believing that was not wise, and believing the various types of banks should have representation on the administrative committee, your president undertook to suggest that the administrative committee in the future should be composed of the president, the vice-president the ex-president, and three members to be selectd from the executive council, for one, two, and three year terms, and then as their terms expired to be replaced with a man for a three year term, and then in addition to have four big sections, typifying the different kinds of banking,—the national, the state, the savings bank, and the trust company sections—represented on the administrative committee, by the presidents of those sections, so that those men will be in a position where they will come in close touch with the activities of the American Bankers Association; where they will be able to get the information first hand as to the aims and purposes of the American Bankers Association, and not through the colored views that might percolate through to them from the secretaries of the various sections. Not that they are dishonest, but it is human to tell just what you want to tell and no more, and it is to take care of that situation, and to give representation on this administrative council, that we propose to change the constitution of the American Bankers Association.

Importance of War Savings.

Now I want to say a word to you in regard to War Savings. The American Bankers Association was recognized in a most signal way, by Mr. Vanderlip, who asked me to go down to Washington with a view of advising with him as to wherein the American Bankers Association could be of the greatest service in connection with this great movement. It resulted in my sending three of the best men we have from the New York office down to Washington, and they were on the job five months. They undertook to and succeeded in securing 18,000 banks to agree to act as agents for the sale of War Savings and Thrift Stamps, and you know the success that has attended their efforts. In our city the bank over which I preside has started over 100 War Savings Societies in the City of Cincinnati, directing their attention mainly to the large plants, undertaking to start Thrift Societies in those plants with a view of the pay master getting the employees to agree to save a specific amount each pay day the pay master to keep the card and to attach the stamps week by week providing not only a place of safe keeping, but also removing to a large extent the temptation to cash in the stamps.

A great many banks throughout the country are fearful as to the effect that this method of saving would have upon their savings departments, but England, which started this great movement, in a year and a half sold $600,000,000.00 of War Savings Stamps, selling them for fifteen shillings sixpence a piece, to be redeemed at the end of a five year period for one pound sterling, netting them little over five per cent; and during this period the deposits of the savings banks of England increased at the rate of $80,000,000.00 per annum, very clearly indicating that the people that were in the habit of saving undertook to save a little more, and they undoubtedly reached a great deal of money that had probably been put under the carpet or under the mattress or hidden away, and in that way the nation has received the benefit of the hoarded savings. Now, regardless of whether it will affect your banks or not you owe it to this great country to do everything you can to raise the funds needed by the government to prosecute this war successfully, and you must ask your own conscience as to whether or not you are doing your full duty. Our brave boys have gone over to the other side to give up their lives, if need be, in defense of your homes and mine. It is as little as we can do, therefore, to say to them: "We are going to give you everything that may be needed in the way of clothes, of food, and munitions, so that you may have at least a fair chance of winning success in this great struggle that is going on on the other side."

Now, I have committed to paper a few thoughts that I want to give to you. I really felt after this wonderful address that we had a few minutes ago that that should have been the benediction of this meeting, that it was a shame to inject sordid business and thought of mercenary gain in a gathering of this kind, and I really feel that you imposed upon me a great task to follow such a man. But I am going ahead with your permission, to give you a few thoughts that you may possibly carry home with you, with the idea of solving these momentous questions that are pressing upon us for solution. (Applause.)

The American Banker and the War

Address by CHAS. A. HINSCH, President American Bankers Association, Cincinnati

The President, Members of the Texas Bankers Association and Guests.

Gentlemen:

It is a great privilege to meet with the members of your Association.

We are passing through the most momentous period in the history of civilization and it seems pertinent at this time to review to some extent the conditions that now confront the nation. The Government has assumed centralized control in directing the activities of the country including our financial, industrial and ecomonic resources. The wealth of our country is estimated at three hundred billions. Assuming this to be true, there is no occasion for our not looking forward with every degree of confidence to the financial future of this country, provided the policy of our Government financing is directed along lines which will insure a steady flow of funds from the people to the Treasury through the medium of the banks.

Government Financial Policy.

And in this connection it is important that Government financing should be so arranged as not to place an undue strain on the credit resources of the country at any one time; payments covering the subscription to Liberty Loans and those made on account of income and excess profits taxes should be so distributed by our law-makers as to prevent a contraction of credit. This can easily be accomplished by the issue of short time treasury bills, maturing in harmony with the dates fixed for such payments.

Most of the funds raised by the Government are spent in this country, either to cover our own needs or those of our Allies and a system of revolving credits would automatically equalize the burden.

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Government Bonds.

The gross debt of Great Britain at the present time amounts to twenty-nine billions of dollars and in the face of this enomous debt, British bonds have steadily become more marketable. The British issue two classes of bonds—4% bonds free from normal income tax and 5% bonds subject to all taxes. Last November the Treasury Department of Great Britain substituted the policy of a continuous sale of bonds in lieu of periodic campaigns, the weekly bond sales have progressively increased from seventy-four millions to one hundred and eighty-seven millions.

It has been suggested that it might be well for our Government to adopt a similar plan, perfecting permanent selling organizations which will continue their activities during periods between the bond campaigns, with a view of disposing to the public, bonds that are offered from time to time in the open market. It is believed in this way the bonds could be maintained at par.

Taxation.

Attention has been called to the fact that the power to tax is the power to destroy and excessive taxation will prove absolutely destructive to our industrial growth. It is stated that large incomes in this country are taxed more heavily than any place else in the world—our maximum rate of income taxation here being 67%, in England it is 42½%. Of the total war expenditures of England, exclusive of loans to her Allies and interest on bonds, England has raised 15 per cent by taxation and it is said that France and Germany have raised even less by this means. According to our program, we are about to raise by taxation 28 per cent of our total war requirements, exclusive of loans to the allies and the amount invested in ships.

Price Fixing.

It is said that England tried the experiment of arbitrary price fixing but abandoned the practice, finding in the long run it is better to let the law of supply and demand regulate both the distribution and the price, checking extravagant profits by taxation. It is to be hoped that our Government will adopt a liberal policy in its price fixing program, so that liberal profits will still be possible, thus insuring good wages and a maximum of production.

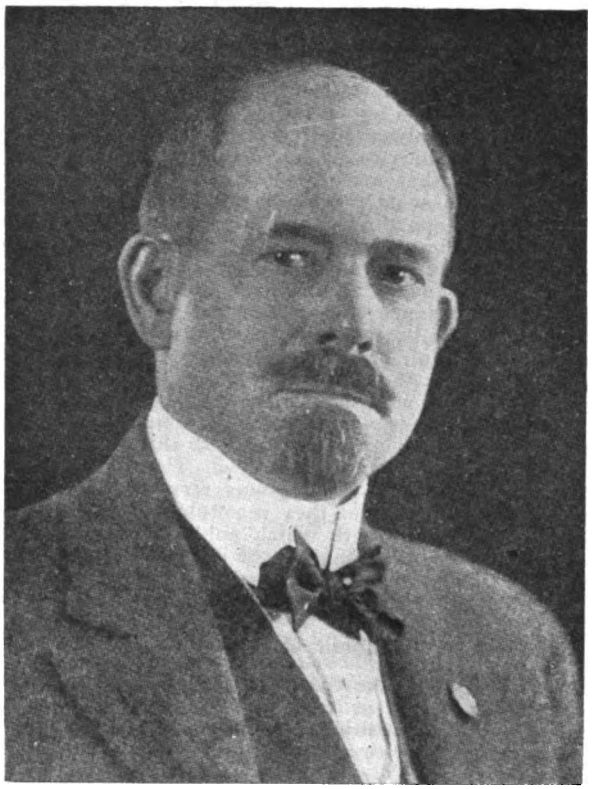
Commenting on this subject a recent publication said in part:

"In its buoyant programme of price-fixing, regulation and assessment the government should take due and proper heed of the possbilities of the future as well as the eager demands of the moment. Business should be kept in that condition which will enable it to splendidly and patriotically respond to all the requirements placed upon it. It should be reviewed by a friendly, rather than a hostile eye and not thrown into the arena for the sport of unskilled politicians."

"The bulk of the bond subscriptions, the heavy end of the income tax and of the extra financial levies resultant from the great war come from what is generally denominated as "Business." Into it and out of it the stream of yellow gold is ceaselessly flowing. The farmer, the laborer, the home-buyer of the small bond or the newsboy with his thrift stamps, all have to draw their store from this channel. Business may be likened to a mighty tree whose roots draw sustenance from many directions and sources and whose fruits and foliage furnish life and shelter to the multitude. Yet storms may fall and drouths may kill. To the friendly care of the skilled orchardist it will respond gloriously and its benign service may be immeasurably enlarged."

Railroads.

One of the most important problems that presents itself for solution at this time is that of transportation. We have adopted a mistaken policy toward our railroads. These great arteries of commerce have been literally starved and owing to the lack of requisite revenue they have been unable to keep pace with the times. The result is that they are now confronted with rising operating costs, inadequate equipment and terminal facilities, and at the same time with inefficient labor conditions. The result is that with 250,000 miles of track only 1,000 additional miles of track were laid last year. Capital is timid and will refuse to buy railroad securities until the future stability of the railroads is safeguarded by the enactment of such legislation as will enable them to pay a reasonable return upon the capital invested. The banks of this country are vitally interested in the future of our railroads; the National banks alone hold $500,000,000 of railroad securities as owners and have advanced millions on loans collateralized with railroad securities. It is estimated that the savings banks hold $1,500,000,000 of high grade railroad bonds; the insurance companies hold about $2,000,000,000 of these securities, so that it has been stated that not less than 50,000,000 of our people, or one-half of our entire population are the real owners of the railroads and vitally interested in their future welfare. Federal charters should be available to our railroads, thus freeing them from the drastic and unfair legislation that has been enacted in many of the states.



CHAS. A. HINSCH.

The Sherman Act should be amended so as to permit the railroads to perfect economic relations which would not only be of great benefit to the railroads, but to the public as well. Now that the Government has taken over directing the activities of the railroads, it is to be hoped that some solution may be had of this vexatious problem.

Unification of Rail and Water.

An ideal situation would be presented in the unification of all of our transportation facilities, both rail and water, under a Federal Charter; the properties to be taken over at a valuation to be agreed upon and rates established which would insure a reasonable return upon the capital invested; the excess profits over a fixed dependable dividend rate to be expended in betterments and the development of new territory.

This plan of co-operation between the rail and water transportation companies would eliminate the competition and jealousies that have existed in the past and would tend to place our transportation facilities on a stable, profitable and enduring basis.

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Public Utilities.

It is imperatively necessary for us to outline some definite policy in connection with our public utilities, many of whom find themselves in a very precarious position at the present time owing to the long time contracts many have made based upon conditions which prevailed at the time these obligations were incurred. There has been a tremendous advance in the overhead cost of operating these companies and many now find themselves in a position where it will be impossible for them to continue to serve the public under the terms and conditions under which they are now operating.

It would certainly not serve the public welfare to allow these companies to go into bankruptcy to free them from contracts that are now impossible of accomplishment. It would seem therefore only just that the public utility commissions throughout the country take immediate steps to relieve this situation. Many of those companies have maturing obligations that it will be difficult for them to re-finance at this time, but it is to be hoped that the War Finance Corporation will be able to handle such cases. This however may not be feasible unless the results of operation of these companies is sufficiently attractive to justify the Secretary of the Treasury in making the necessary advances.

The United States Chamber of Commerce passed the following resolution in connection with this subject:

"Now, Therefore, Be It Resolved, That the Chamber of Commerce of the United States recommends to state and local authorities that they recognize the unusual and enormous conditions with which public utilities are contending and that in the interest of the nation, of business and of the public they give prompt and sympathetic hearing to the petitions of such utilities for assistance and relief."

Economic Commission.

There is no time like the present to take an inventory of our needs and to proceed at once to place ourselves in an impregnable position so that we can hope to compete successfully with other nations when peace shall be re-established. We have not done much yet in this regard. In fact, we have paid less attention to it than any of the other belligerent powers, including Germany.

England, France and Germany have appointed commissions having for their purpose the careful consideration of the ecomonic problems that will follow immediately after the close of the war. We hope to emerge from this conflict better pepared to enter the struggle for commercial supremacy than we have ever been during our national existence. We shall have learned lessons of efficiency and co-operation that should be potent factors in placing our people in a commanding position to win our full share of the world's commerce. It is to be hoped therefore, that an economic commission will be provided by Congress at an early date that will give due consideration to this all-important subject.

Struggle for Commercial Supremacy.

On this subject the National Foreign Trade Council recently declared itself as follows:

"That: The economic conditions which will confront this country at the close of the war should receive at once the careful consideration of the administration and that either a cabinet officer or an economic commission be apointed in the immeditae future to study those problems and take such steps as may be necessary to protect American interests at home and abroad."

Let us review our present situation and give sober thought to the conditions that will confront us at the conclusion of the world war. This struggle has already been instrumental in bringing us to a full sense of realization of our inefficient haphazard method of doing business. If we would profit by our experience, we should begin to prepare now for the struggle for commercial supremacy that will obtain when peace shall have been re-established in this troubled war. It is hardly necessary to recall the industrial depression that existed in 1914, prior to the declaration of war, but as Kipling says—"Lest we forget," we must bear in mind the underlying causes have not been removed or remedied.

Co-operation.

Never in the history of our nation was unity of purpose so necessary. Never before was organization so absoutely imperative. We must co-operate with the Government to win the war. Nothing can stop the driving power of effective organization well directed. We are not fighting alone for ideals. We are fighting for our very existence as a nation.

If we are to successfully compete for a share of the world's trade, we must co-operate and co-ordinate our efforts. If this is done we need not fear intelligent competition. Uniform methods of computing costs should be installed; production should be standardized where possible, and a general exchange of ideas will tend to promote general efficiency and lower cost of production.

Necessity of Foreign Trade.

The introduction of labor-saving devices, the skill of our mechanics and the efficiency methods adopted by our merchants and manufacturers, have resulted in production in excess of our domestic consumption, and of recent years we have been forced to enter the foreign field in some instances selling at or near cost, to cut down the overhead expense. On this subject a prominent writer recently stated:

"From Colonial days down to the present time American genius has led the world in the invention and application of labor-saving machinery. As a result many of our factories show a lower labor cost than our foreign competitors in spite of the fact that wages are higher with us than with them. The time now has come when we must attack the problems of management, co-operation and government in the spirit with which our mechanical problems have been attacked in the past. We as a people must awaken to the need of organizing our industries to meet the demands of the new era of business upon which we are entering.

"If the individual manufacturer's producing and selling methods are not efficient, neither co-operation with other business men nor with government will save him. Co-operation must not interfere with the individual's efforts to help himself. In fact, until our business men have raised their factories and selling agencies to the highest form of efficiency they are not ready for co-operation. Intelligent cost accounting lies at the basis of efficient management. Men go into business to make money. Profit is the difference between cost and selling price. Goods cannot be priced properly unless cost is known. The lack of an adequate cost accounting system in a factory is like the lack of a compass on a ship.

"Ignorant competition is most dangerous to the development and success of our country. It is estimated that 90 per cent of the manufacturers and merchants in Germany know absolutely what their gods cost to manufacture and sell. If you compare our figures, which show according to estimates, that only 10 per cent of our manufacturers know what it costs to manufacture and sell their products, you have one answer as to why Germany has been successful in developing such a high standard of efficiency in manufacturing and distributing its products, not only in Germany but in the markets of the world.

"Rivalry without co-operation means reckless, destructive competition; co-operation without rivalry means price-fixing—the dry rot of business, deservedly condemned by the law.

Co-operation of Foreign Government With Industries.

"Competition in foreign markets is national. Foreign countries such as Germany, England and France present in markets like those of Latin America a united front. One does not hear of the competition of individual concerns, but, for example, of German competition and English competition. Each country pools its governmental and commercial forces and goes forward into foreign markets in a united effort to capture those markets against the business forces of other countries. Competion from our foreign rivals must therefore be met by bringing together, in a co-operative way, our national forces—governmental, industrial, financial and commercial. American manufacturers if they are to be factors in

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the world's markets, must cease to think selfishlly or even pronvincially; they must think nationally and internationally; their vision must be broadened. United in the spirit of co-operation and with the support of our government, there is every reason to believe that we shall succeed against all comers in the great markets of the world."

The Governments of England, France and Germany not only do not prohibit, but encourage the foundation of joint selling agencies for the marketing of their products to foreign countries, and for the purchase from such countries of the raw materials required by them. Prior to the passage of the Webb-Pomerene Bill, the inability of American merchants to established prices even in connection with foreign trade, has rendered them an easy mark for these shrewd buyers, who naturally buy where the price is lowest. This has lead to vicious competition, thus benefitting the foreigners, without any advantage whatever to our people.

Webb-Pomerene Bill.

The passage by Congress of the Webb-Pomerene Bill, amending the anti-trust laws permitting combinations to be perfected in connection with foreign trade, is one of the most encouraging signs of the times, as it clearly indicates that Congress is fully alive to the necessity of passing legislation helpful to the commercial interests of the nation if we are to be successful in competing for our share of the world's commerce after the war.

We are confronted by a condition which invites discussion of what we are to do, to hold and develop our foreign business after the war, rather than during its progress.

Economic Agreements.

Economic agreements have been perfected by the allies and by the central powers, which will be rigidly enforced, by which the nations composing each group obligate themselves to extend preferential privileges to the other members of the respective alliances. With the United States in the war these agreements will not be operative against us. The question of economic alliances however, is a vexatious one. President Wilson, prompted by the generous impulses which bespeak the feeling of the country, would not extend the hatred engendered by war over into the period beyond the war's end. Much has been said about the obligation of the victors to the vanquished and there is a disposition to follow the dictum of the President and Congress that our war is against the Imperial overnment, not against the German people. However, this is theory rather than fact, and before we can say what our attitude toward Germany and the German people will be after the war, it may be well to await the development of events. The German people will be the arbiters. They may make it impossible for us to be either generous or helpful.

The horrors of German policies and the hatred of everything German is sinking more and more deeply into the minds and hearts of the people of the world. Germany has been digging her commercial grave and she is diligently enlarging it at every opportunity.

Federal Reserve Act.

The Federal Reserve Act is the greatest piece of constructive legislation ever enacted by our Government and it is very fortunate indeed that we were able to place this great system in operation before entering the world war. I shudder to think what might have happened if the banking reserves of this country had not been mobilized; surely we could not have hoped to successfully finance over nine billions of Government bonds under the old system. There is still much to be done in the way of perfecting our financial structure.

Entrance of Eligible Non-Member Banks.

All eligible State Banks should join the System. It is inconceivable that the National Banks alone should be expected or permitted to insure the financial stability of the country unaided by the eligible State Banks. The Federal Reserve Act has been amended so that the State Banks may join the System, retaining their present titles and charters, enjoying all of the rights and privileges now conferred by the State laws under which they are incorporated, and where efficient banking departments are maintained, the examinations made by and the reports submitted to the State Departments will be accepted by the Federal Reserve Bank of the District in which the bank is located. Furthermore, banks will be permitted to withdraw from the system at any time upon giving six months notice. State Banks should join the system at least for and during the period of the war, thus evidencing their patriotism in a substantial way.

President Wilson in an appeal to State Banks on this subject said:

"It is manifestly imperative that there should be a complete mobilization of the banking reserves of the United States. . . . The extent to which our country can withstand the financial strains for which we must be prepared will depend very largely upon the strength and staying power of the Federal Reserve Banks."

and, in his annual address to Congress, the Secretary of the Treasury said in part:

"Happily for America, the Federal Reserve System was established in 1914. It has been subjected to supreme tests, both preceding and following the declaration of hostilities, and has measured up to every expectation and to every requirement. Without this system, it would be impossible to finance our enormous domestic and foreign trade, to raise the tremendous credits required to assist the foreign governments making common cause with us against Germany, and to take care of the extraordinary expenditures entailed by our part in the war."

Open Discount Market.

An open market for commercial paper is in the process of being established in this country similar to the market that has existed in England for many years and which has rendered London the financial center of the world. The framers of the Federal Reserve Act, in recognition of this situation, prepared the measure so as to extend special encouragement to the issue of Bank Acceptances and Trade Acceptances, by providing the Federal Reserve Banks with power to purchase same in the open market.

This privilege is not extended to the buying of promissory notes. Very attractive rates are granted to this class of paper.

Trade Acceptances.

A Trade Acceptance is an accepted draft drawn by a merchant on a customer whom he has sold a bill of goods, the draft being drawn for a specified amount, payable at a definite time and place and should bear on its face a notation evidencing that same had been given in settlement of the purchase of merchandise. These acceptances in Europe to a large extent materially reduce the demands for currency. In France the system is highly developed and many of these bills are purchased by the Bank of France.

No bill however, is purchased by it having less than three names. In England, just prior to the war, it was estimated that the normal circulation of these bills, as they are termed, amounted to about $3,000,000,000.

The general use of Trade Acceptances will render liqid, billions now represented by open book accounts and thereby strengthen our financial structure tremendously. The Trade Acceptance converts the open account into a negotiable asset that can be readily discounted at advantageous rates, thus enabling merchants to turn their capital more frequently, and providing the banks with self-liquidating assets. If prompt settlements for merchandise purchased either in cash or by Trade Acceptances, payable at a definite time and place should become the custom, merchants would hesitate to order goods in excess of their known requirements. This would eliminate the bad practice that now exists of returning merchandise that has not been sold and would remove the temptation to find fault with the goods if the market price declined. Overdue accounts would no longer exist and the habit of taking discounts not earned would become a thing of the past.

Duty of Merchant and Banker.

Merchants should render the Trade Acceptance popular

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by granting some concession for the prompt settlement of bills in this manner. Banks should engage in a campaign of education to encourage the use of Trade Acceptances and to stimulate interest, should offer a lower rate of discount on such paper—say one-half per cent below the market rate on single name paper. Banks should realize that the Trade Acceptance is the product of the actual sale of goods, while single name paper largely represents advances made on merchandise to be sold.

Banks incorporated under the National Bank Act are prohibited from loaning to any individual or corporation in excess of ten per cent of their capital and surplus, but notes and acceptances gives in settlement of the actual purchase of goods are not included in this limitation, hence banks may take an unlimited amount of Trade Acceptances—thus the borrowing capacity of patrons is materially increased.

Relation of Trade Acceptance to Open Market.

It has been suggested that the use of Trade Acceptances might interfere with the sale of single name paper in the open market executed by concerns who at the same time had either sold or discounted trade acceptances, thus creating a contingent liability, and pursuant thereto the American Trade Acceptance Council, a joint committee composed of representatives from the United States Chamber of Commerce, the American Bankers Association and the National Association of Credit Men, recently submitted the following query to a number of the large paper buying institutions:

"The statement has been made that the large paper buying banks of the country might discriminate against the purchase of single name commercial paper in the open market executed by concerns who have discounted or sold Trade Aceptances, thus creating a contingent liability. We would value highly a frank expression from you on this subject."

The answers to this query were certainly most illuminating. The replies indicated that the general consensus of opinion is as follows:

"In considering the purchase of paper executed by concerns who have discounted or sold Trade Acceptances, we should treat the contingent debt thereby created as a direct liability and judge financial showing accordingly. We should not discriminate against makers of such paper if liabilities were not excessive and other features satisfactory."

In discussing the subject of Trade Acceptances recently, the president of a large concern announced his intention of giving Trade Acceptances in settlement of purchases and in turn requiring all patrons to settle for shipments of goods upon receipt of the invoice, either in cash or by Trade Acceptance. We called attention to the fact that this is distinctly a "Seller's Market," a psychological time to establish modern methods. By following this plan he will not find it necessary to borrow in the open market and by discounting his trade acceptances, he will seldom if ever find it necessary to call upon his bank for direct loans.

Those advocating the use of Trade Acceptances have no intention of suggesting a change in the terms of settlement now in vogue in the various lines of industry, other than to convert the open book account into a live and virile asset. A Trade Acceptance having a maturity of more than ninety days is not eligible for discount by the Federal Reserve Banks, but member banks will gladly handle such paper, because they can re-discount same to advantage when it reaches a ninety day maturity or less. In lines of business where the customary terms of sale require payment within ten days, the use of the Trade Acceptance would hardly be justified, but where thirty days or longer terms apply, the account should be liquidated by the execution of a Trade Acceptance.

Trade Acceptance an Advance in Efficiency.

Merchants presenting well rated Trade Acceptances to their bankers, either for discount or collection, will improve their credit standing by thus submitting tangible evidence of the character of the credits they are extending. It will thus be seen that while the Trade Acceptance is not to be regarded as a panacea for all financial ills, it is a credit instrument, if used and not abused, that will be a powerful factor in perfecting the financial structure of this country.

We are slow to change our methods; we prefer to follow beaten paths, but we must cast tradition aside and adopt modern methods. Surely the financial system followed by European countries so successfully for years, cannot be considered an experiment.

Some Possible Advantages Following the World Struggle.

In a recent address, one of our prominent citizens outlined the needs of our country in a most forcible manner when he said:

"The great need of this country at the close of this war, will be to elect to office responsible, patriotic men of knowledge and capacity to grapple with the Nation's problems—men without fear and who will not be influenced by favor. They need not be representative of party or faction—they can be representative of the highest ideals of the Republic.

"After this war let us be a little less insistent on party advantage, a little less keen for material success, a little more regardful of thrift and very, very considerate of the security of our Nation and its future."

We must encourage a patriotic and broad-minded spirit of co-operation in this country between the Government, our bankers, our merchants and manufacturers, our farmers and our laboring classes. If we succeed in this effort we will emerge from this conflict a country with a newborn National spirit, self-reliant and efficient, with a merchant marine flying the Stars and Stripes to carry our products to all parts of the world and an Army and Navy calculated to inspire respect for the rights and property of our citizens, wherever they may be.

Must Support Government.

This is a time when we should think clearly and act unselfishly and courageously, with a full sense of realization that we are passing through the most momentous period of our national existence, we must lay aside all partisan inclinations and back up the administration whole-heartedly in the efforts they are putitng forth to win the war.

We must present a united front to a united Germany. A German peace is not to be thought of and we must fight on until success is achieved. Let our sentiments be those voiced by Daniel Webster in 1825, when he said: "Let our object be our Country, our whole Country and nothing but our Country, and by the blessing of God may that Country itself become a vast and splendid monument, not of oppression and terror, but of wisdom, of peace and of liberty, upon which the world may gaze with admiration, forever." (Prolonged applause.)

THE PRESIDENT: President Hinsch, on behalf of the Texas Bankers Association I want to extend to you their thanks and appreciation of your visit here on this occasion, and to assure you that we have been greatly priviliged.

A short time was then devoted to taking applications for membership of Texas Banks in the American Bankers Association, and fifty-four applications were made, a sufficient number being secured to give additional representation on the executive council.

The Secretary read the following telegrams:

From Fred E. Farnsworth, Secretary American Bankers Association:

"Our Executive Council thanks you for courtesy of invitation to attend your convention and regrets non-acceptance. Our Association will be ably represented by our invincible president, Mr. Hinsch, who has an important message. Regret I cannot be with you. Best wishes to all, and all success to your convention."

From J. L. Johnston, manager of the Southwestern Division of the Red Cross, St. Louis, Mo.:

"I deeply regret my inability to be with you at your convention this year. I desire to solicit the co-operation of the bankers in the State of Texas in the campaign May 20th to 27th for One Hundred Million Dollars for the American Red Cross. I realize that any great pa-

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triotic movement is very largely influenced by the action of the bankers. I further realize that the bankers of the State of Texas, who have always evidenced their patriotism, will co-operate with me in bringing to a successful conclusion this campaign, the result of which will without doubt be a factor in the accomplishment of the object which every true American is seeking, that is, the winning of the war. I hope that you are having your usual successful convention. My best wishes to you all."

From Beverly D. Harris, Vice-President National City Bank of New York:

"For many years I have not missed the annual meeting of the Texas Bankers Association. Pressure of matters here and unavoidable circumstances alone prevent my attendance today. On the ocasion of this happy annual reunion I want to be allowed to convey through you cordial greetings, remembrances and regards to all, with the hope and expectation that this convention in enjoyment and accomplishments will be the banner year for Texas bankers."

From Richard S. Hawes, Vice-President Third National Bank, St. Louis, Mo.:

"Unforeseen circumstances make it impossible for me to attend your splendid convention, but you have my personal congratulations and best wishes for a successful and instructive convention, which no doubt you will hold. Texas is nearer and dearer to me than I can tell you. I can wish her only the best of prosperity and congratulate her upon the splendid patriotism as evidenced on every side."

From Garland S. Brickey, General Manager of Beaumont Chamber of Commerce, Beaumont, Texas:

"The Beaumont Chamber of Commerce extends greetings and best wishes to the bankers of our nation's biggest state, which is playing such a prominent part toward the suppression of German autocracy, and making permanent and everlasting American democracy, in which great work you are lending an incomparable assistance."

Foreign Trade Education.

From John Clausen, Vice-President Crocker National Bank, San Francisco, California:

"The development of the United States after the war along lines of greater power, greater usefulness and greater prosperity is an aim uppermost in our thoughts. We all recognize the part that industry and commerce will play in the development, but we must not overlook the fact that whatever success the United States may obtain, acquiring a great international commerce will be the result of a well thought out, well organized and well directed campaign. It will not suffice to prophesy possibilities. Not withstanding popular belief that the war has given this country a mighty impetus in world trade, our full share of such trade will come only by co-ordination of all elements of national strength. It would seem that our first thought should be directed to a scientific study of the situation. At the very outset is apparent the necessity of training our young men for the part they may take later in international commerce. Educational proficiency in the widest sense stands as the key of success, without which the best meant efforts will be of little avail. New methods, as well as new leaders, are to be chosen. Intelligent study of the fundamentals of business, therefore, is essential. Encouragement of business training early in life would increase the usefulness of the American people and assure for this country more intelligent trading power and greater wealth. The curriculum of studies provided for American youth lacks a practical system of education as affecting both domestic and foreign trade. It would seem that subjects for study in public schools should include instructions to equip our youth with a practical knowledge of business. May I suggest that a committee from the Texas Bankers Association be appointed to co-operate with the committee of fifteen appointed by the Commissioner of Education, over which Dr. Glen Levin Swiggett, specialist in commercial education, Bureau of Education, Department of the Interior, Washington, D. C., presides as chairman, the object of which committee is to study the question of educational preparation for foreign service, and to urge upon boards of education and upon educational institutions of the country the necessity for courses of study which shall embrace a knowledge of interstate and international trade and commercial relations. Every co-operation and support should be given the Commissioner to facilitate such work, so that the best results may be attained in constructive preparations for commercial education. I exceedingly regret that due to an operation on my foot, which confined me to the hospital, I am prevented from attending your important sessions, but am with you nevertheless in spirit, and wish for you a most successful convention. Cordial greetings to you all."

Resolutions Adopted.

THE PRESIDENT: Next in order is the report of the Resolutions Committee.

MR. W. P. ANDREWS: Your Resolutions Committee in their humble judgment have submitted a set of resolutions here they hope reflects the sentiments and wishes of this Association. They respectfully submit them and hope that they will have the approval of this meeting. I would further like to offer from the floor a motion that the secretary be instructed to send a wire to the American Bankers Association, notifying them that this Association today has gone over the top on its membership.

The motion was seconded and unanimously adopted.

The secretary then read one by one the resolutions embodied in the report of the Resolutions Committee, and each was acted upon separately as follows:

The following resolution was unanimously adopted without discussion:

Cotton Situation Serious.

"Whereas, there is at present sixty or seventy million dollars tied up in cotton in this state, which has been sold for export and is being held at various ports awaiting cargo space for shipment, which is available only in meager amounts; and,

"Whereas, it appears that this condition is likely to continue and to seriously affect the movement of the cotton crop during the coming season; and,

"Whereas, ocean tonnage may not be available in sufficient amount to move but a small part of the crop, therefore,

"Be it resolved, that a committee of seven be appointed to thoroughly investigate the matter.

"2. That the Government be asked to co-operate and a conference of the State Bankers Associations and Cotton Shippers of the cotton growing states be called, and that the bankers who make a specialty of handling foreign exchange be invited to attend this conference.

"3. That the president of this Association be authorized to appropriate an amount of money sufficient to pay the necessary expenses incurred by this Committee in carrying on this work."

Red Cross Commended.

The following resolution was unanimously adopted.

"Whereas, the greatest factor that enters into the patriotic spirit of America at this time should be sacrifice; and,

"Whereas, we deem it a great privilege and welcome the opportunity to contribute to the American Red Cross; and,

"Whereas, we believe the people of Texas will continue to evidence their patriotism and sacrifice by subscribing most liberally to this great cause;

"Therefore, be it resolved, that we as bankers use every effort to influence by our subscriptions and activity in our communities large contributions to the coming Hundred Million Dollar Campaign; that we commend unreservedly the great work of the Red Cross to the people of Texas; that we urge all to subscribe to the point of sacrifice; and that we aid in every way possible the bringing to a successful conclusion of this campaign.

"And resolved further, that a copy of this resolution be sent to J. L. Johnson, Manager Southwestern Division, Red Cross, St. Louis."

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Women Bankers Disband.

The following resolution was read and unanimously adopted without discussion.

"Whereas, in the face of such a multitude of duties in connection with war work the members of the Texas Women Bankers Association have seen fit to discontinue the existence of this organization after six years of accomplishments, and after one of its most helpful meetings yesterday;

"Therefore, be it resolved, that this Association cordially invites the women of this former organization, as well as all women relatives and guests of bankers, to be present at all future sessions of this Association, and lend their assistance in the advancement of allies activities."

Foreign Trade Educational Work.

The following resolution was read and unanimously adopted without discussion.

"Whereas, there evidently is lacking a practical system of education designed to instruct our youth in the necessary knowledge affecting both domestic and foreign trade; and,

"Whereas, this branch of business activity in future years must need men most thoroughly trained, if our country is to flourish commercially;

"Therefore, be it resolved, that the incoming president of this Association appoint five men to co-operate with the Committee of Fifteen, which has been appointed by the Commissioner of Education, over which Dr. Glen L. Swiggett, specialist in commercial education, Bureau of Education, Department of Interior, Washington, D. C., presides as chairman; the work of the Swiggett Committee being to study the question of educational preparation for foreign service."

Resolutions of Thanks.

The following resolution was read and unanimously adopted by a rising vote:

"Resolved, that the members of this Association, individually and collectively, desire to express to the bankers and citizens of Galveston, in the most sincere and lasting terms, thanks for the wonderful hospitality extended and enjoyable entertainments afforded; their endeavor to make felt the most cordial friendships and to make real the most happy pleasures have succeeded even down to the smallest details. The local committees, both men and women, have been intensively active in promoting the comfort, pleasure and well-being of every guest. The appreciation of each delegate, guest and visitor is deep rooted, and this resolution is to be taken as profound recognition of Galveston's cordiality upon this occasion."

The following resolution was read and unanimously adopted:

"Resolved, that the Association officially recognize the efficient service rendered by the Headquarters Hotel, the Galvez, by expressing sincere thanks to P. L. Sanders, manager; the most satisfactory manner in which the welfare of the large number of women guests was attended to by the management must be highly commended."

The following resolution was read and unanimously adopted:

"Resolved that the thanks of the Association be extended to the local papers for their courteous and liberal use of space in reporting the proceedings of the convention."

Mr. Smith Complimented.

The following resolution was read, and on motion of Mr. George E. Webb, duly seconded, was unanimously adopted by a rising vote:

"Resolved, that whereas, this, the 34th convention assembled is about to close one of the most successful and harmonious years in the history of its existence; and,

"That whereas, its success and progress have been signalized largely by the loyal devotion, the unstinted service, and the splendid direction of its retiring president, Mr. Howell E. Smith,

"Now, therefore, be it resolved, that we, the members of this Association present, as a slight evidence of our appreciation of his distinguished service, extend to him a vote of approval and thanks, and the further assurance of our regards."

THE PRESIDENT: I believe you have got your president where he cannot say a thing. I want to say that I appreciate this expression from you very much indeed. It has been a great pleasure to me during my term of office to serve you to the best of my limited ability. I want to say that the co-operation and the assistance and the sympathy which have been extended to me by the members of the Association from time to time have been very helpful indeed. I thank you from my heart for the testimonial which you have just given me.

Patriotic Resolution.

MR. W. W. WOODSON: I have permission, Mr. President, from the Resolutions Committee, to write out a resolution this morning and express our feelings upon the question of patriotism that has been displayed in this convention, to express our loyalty, and I submit the following resolution:

"Whereas, the safety and security of our American Republic, and the perpetuation of the principles of justice and righteousness upon which it is founded, and for which our forefathers gave their lives, as well as the hope of all liberty loving peoples, who desire to work out their own destiny unmolested, depend upon the overthrow of Prussian autocracy, and the destruction of its power, so that German Kultur, with all of its barbarism, cruelty and disregard for the treaties of nations and the rights of individuals, shall be swept from the face of the earth; and,

"Whereas, this nation is fortunate in having at its head and as its leader a man who has crystallized in glorious words and deeds the Spirit of America and its democratic ideals, for the preservation of which our lives, our fortunes, and our nation's resources are dedicated;

"Therefore, be it resolved, that we express our confidence in the wise and courageous leadership of our commander-in-chief, President Woodrow Wilson, and pledge to him our loyal, patriotic and undivided support."

"Resolved, second, that we discourage and condemn all utterances or criticisms that tend to create a spirit of disloyalty, and that we encourage the development of a strong, healthy American spirit, by giving personal aid in the sale of Liberty Bonds, War and Thrift Stamps, in the raising of funds for the Red Cross, in obeying food regulations, and in taking part in all activities that promote the success of our arms and the welfare of our soldiers, whose lives have been laid upon the nation's altar.

"Resolved, third, that a copy of these resolutions be sent to President Wilson as an expression of our loyalty and support."

(Signed by W. W. Woodson, Lee Blanchett and W. P. Andrews.)

Other Committee Reports.

THE PRESIDENT: The next order of business is the report of the committee on constitution and by-laws, Mr. Doty, chairman.

MR. DOTY: We have no report to make.

THE PRESIDENT: Next the report of the committee on warehouses, Mr. Nathan Adams, chairman. I do not suppose there is any report to be made on that. The next is the report of the committee on finance and auditing, Mr. J. A. Pondrom of Houston, Chairman.

Auditing Committee Reports.

MR. PONDROM: The committee has not prepared any written report, but I want to say that the committee, or at least its chairman, has carefully examined all of the vouchers representing the expenditures of the Association's fund for the past year, and we find them correct and in accordance with the treasurer's report. We did

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not examine into the income of the Association, because that is a matter that involves a great deal of detail, but I am satisfied that part of it is as correct as the disbursements. This administration, when it came into control of the Association's affairs, had a balance of something like $7,000.00, and they are going out of office with something like $8,100.00 on hand. I want to throw out a little suggestion. We as bankers are all doing a great deal of work, and have subscribed liberally for Liberty Bonds and War Stamps, and all these other supports of the government, and I would like to make the suggestion that we invest a thousand dollars, or $2,000.00 of extra money there, that we may have, in War Savings Stamps or in Liberty Bonds. (Applause.) I would be glad to have some one who is more familiar with the necessities of the Association until the time when our dues come in, to make a motion to that effect. Even if it is for $1,000 worth of Thrift Stamps, it indicates our loyalty in a substantial way.

MR. A. M. GRAVES (Clarksville): I want to make a motion that the secretary be instructed to buy $1,000.00 worth of War Savings Stamps, and that we also donate $1,000.00 to the Red Cross. (Applause.)

MR. I. H. KEMPNER: I make the suggestion that the appropriation of $1,000.00 to the Red Cross be marked with some special compliments to the address delivered by Mr. Briggs here today, and while not putting it as any conditional or provisional subscription, that it is stated that the Association takes pleasure in making that subscription as a testimonial to the distinguished son of Texas, Mr. George Waverly Briggs. (Applause.)

The motion was seconded and unanimously adopted by a rising vote.

W. W. Woodson Is Nominated.

THE PRESIDENT: The next order of business is the reports of any special committees, and if there are no such reports then unfinished business. If there is no unfinished business then next in order is the election of officers. Nominations will now be in order for the election of a president for the ensuing year.

MR. EARL B. SMYTH (Mart): Mr. President, members of the Texas Bankers Association, ladies and gentlemen: The Texas Bankers Association occupies a unique and a commanding position in the financial affairs of America today, and in the election of the officers who are to preside over the affairs of this Association it seems to me peculiarly fit and proper that we should put in the responsible position of president a man of sound judgment, influence and ability, in order that we may successfully cope with the problems arising out of our financial and economic affairs. The continuation of the awful European struggle, with its ever-increasing demands upon the financial resources and the manhood of America, is a problem of supreme concern to the bankers of this great state; and the situation is such as to merit the influence and ability of one of the best equipped bankers of Texas in the responsible position of president of this Association. When we reflect upon the vast number of worthy and qualified bankers of Texas, there comes a individual to our mind whom we know to possess the ability to wield the gavel of authority in this Association with credit and honor. He has been actively identified with the affairs of the Texas Bankers Association for a score of years or more, and those of us who know him best know that he has ever stood for those things that are highest in public and private life. And so, my friends, I count it an especial privilege and honor upon this occasion to place in nomination the name of my esteemed friend, W. W. Woodson, vice-president of the First National Bank of Waco, for this position; a recognition to which he is justly entitled, not only because of his eminent ability as a banker, but also because of his sterling qualities as a man. It has been my pleasure to have intimate personal and business relations with W. W. Woodson for many years, and I bear witness today to the truthfulness of the fact that his character embraces all of the elements of a manly man, and that he is in every sense worthy of the presidency of this association, which is the highest honor wihtin the gift of the bankers of this great state. I doubt, my friends, if there is a man in our midst today who has a more intimate personal relationship with city and country bankers of Texas alike than has W. W. Woodson. Although he is the active head of the First National Bank of Waco, he has extensive business interests in many country banks of Central Texas, and because of his eminent qualifications I think that he is especially fitted for this position. The high degree of success that he has attained in the business life of Texas today is attributable in a large measure to his active identification with country banks. His strong personality, soundness of judgment and keenness of perception are enhanced by his courtesy and affability, which give him a high place in the esteem of men in every walk of life. His strong personality, splendid qualities and conservatism commend him to our leadership, and as his friend of many years I count it a special privilege to place in nomination the name of W. W. Woodson of Waco for the presidency of the Texas Bankers Association, and I trust that you will give him your unanimous vote of approval. (Applause.)

MR. STEWART D. BECKLEY (Dallas): For the highest honors of this Association there has been presented the name of a constructive banker, and a gentleman who has always been interested in the success of this Association and in the banks of this state for a number of years. And in particular today I take pleasure in commending that nomination, because that gentleman has by his past activities shown himself especially a friend of the junior bankers of this state, in helping to encourage the educational work among junior bankers. Therefore, I take pleasure in seconding Mr. Woodson's nomination. (Applause.)

R. J. Eckhardt Nominated.

MR. H. H. CAMP (Rockdale): I want to nominate a man that is in full accord with everything that has been said, a man who is thoroughly qualified to fill this position, a man who stands high in Texas, a man whom I have known for a number of years, and that man is I believe the oldest vice-president of your Association, Mr. Robert J. Eckhardt, of Taylor. (Applause.)

H D. Ardrey Nominated.

MR. H. W. MEREDITH (Mineola): I am very sorry that I cannot come to you gentlemen today with choice rhetoric and flowery language to present to you a man whom I deem one of the biggest bankers in our Association. I do not present this name because he is the Cashier of the biggest or one of the largest state banks in our state, but because I think he is one of the largest and broadest bankers we have. I present this man believing that he will be of honor to this Association and that with great credit to himself he will fill this great office. I present his name because I believe that every banker in this audience would like to see Hon. Charles O. Austin retained as banking commissioner of our state. I believe in electing this man we will take a step in the right direction, and that by the election of this man to this high office, we will help to retain Mr. Austin in his position as banking commissioner. I present to you the name of Herbert D. Ardrey, Cashier of the First State Bank of Dallas. (Applause.)

MR. J. W. BUTLER (Clifton): I would not be true to myself if I did not crave your indulgence while I endorse one of these nominations. The gentleman to whom I refer has been faithful in his attendance upon our meetings for twenty years or more, and has been interested in every movement for progress in our state, and in every part which bankers play. I have been neighbor to him, and I have observed his beautiful home life, and the influence he wields in his community. I have observed his broad policies, his liberality, while with it his conservatism is a sure prophecy of safety. I am pleased to second the nomination of Mr. W. W. Woodson of Waco. (Applause.)

MR. W. G. (FRED) KELLY (Dallas): It is a plea-

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sure today to second the nomination of my fellow-townsman and fellow-banker, Mr. Herbert D. Ardrey, personally known to me since boyhood, when we attended the public schools. And I assure you that he is a man eminently qualified to fill the position of this nomination. I know from personal observation of him as a banker, as a fellow-townsman, and of a long standing friendship, that he fulfills entirely the qualifications as outlined by Mr. Smyth. (Applause.)

DR. B. F. BERKELEY (Alpine): Mr. Chairman, I did not excpect to speak upon this occasion. I feel, however, that I cannot let this moment pass without lifting my voice to endorse the nomination of that splendid citizen, that practical, sound and conservative banker, Mr W. W. Woodson, of Waco, Texas. (Applause.) I believe that in time possible we can put all of these good friends of ours in office, but I do believe at this moment Mr. Woodson is the logical man for the place. Therefore, I heartily second his nomination. (Applause.)

MR. J. B. SALYER (Weir): I want to second the nomination of Mr. R. J. Eckhardt. A truer man and better banker never lived.

F. M. Law Is Nominated.

MR. P. B. DOTY (Beaumont): Mr. President and Gentlemen: I rise to place in nomination the name of a man who has not yet been mentioned before this convention; a man whom I have known personally for a number of years. This seems to be rather a free for all proposition, the god old democratic way, and I like it. We are going to have a very nice meeting here before we adjourn. This gentleman at one time was a competitor of mine, and lived in my city, and while perhaps it is unusual, in this instance I can testify from my close acquaintanceship with him as to the value of his friendship, and to his honor and his integrity, as well as his capabilities and his fitness for a position of this kind. I believe that we would do great credit to the Texas Bankers Association if he should be elected to that high office. He is a man in whom we all have the utmost confidence, and who will grace that office with the dignity to which it is entitled, and without further oratory on my part (laughter), I would like to present to this convention the name of F. M. Law, the vice-president of the First National Bank of Houston. (Applause.)

MR. W. P. ANDREWS (Fort Worth): I never thought that I would have the glorious privilege or the opportunity of endorsing such a splendid man as Marion Law for the presidency of this Association. I consider that he is a man without an equal from the point of intellectuality, and he is a gentleman of the highest character, and one who, wherever he goes throughout the great United States, will reflect the greatest credit upon the bankers of Texas. It is a great pleasure for me to have the opportunity of seconding the nomination of F. M. Law of Houston. (Applause.)

MR. J. A. THOMPSON (Corsicana): I want to second the nomination of Mr. Law. I move that nominations be closed.

(The motion to close nominations was seconded and unanimously carried.)

Mr. Law Desires to Remain a "Private."

MR. F. M. LAW: Mr. Chairman, if I am in order,—I am not at all unmindful of the very kind, although I recognize the very partial, remarks that have been made by some of my friends here this morning. I do not feel, Mr. Chairman and gentlemen, that this is a time for a scramble for this office. I have served in this Association for a great many years very happily as a private in the ranks, and I can continue to serve very happily, and I can assure, to the very fullest extent of my ability, my full co-operation with any of the splendid men whose names have been presented for your consideration. I want to ask as a favor, in order that my name may not be further considered, that the gentlemen who have nominated and seconded that nomination allow that my name be withdrawn at this time.

MR. DOTY: Mr. Chairman, in deference, of course, to Mr. Law's wishes, I would not want to insist on his name going before this convention. He knows best what he would like to have done, or what he would like to have his friends in this convention do for him, and his expression is, of course, sufficient, and I will withdraw his name.

MR. ANDREWS: I consent to the withdrawal in deference to Mr. Law's wishes.

Mr. Hall Pleads for Harmony.

MR. ED HALL (Bryan): I believe that Mr. Law's attitude should prevail throughout this entire body. I would like to see this organization this morning elect a president of this Association unanimously, without any differences between us and without any opposition. I would like to see this morning the two gentlemen who are opponents of Mr. W. W. Woodson, if it were proper and correct, withdraw, and make Mr. Woodson president of this Association by unanimous vote. I have known Mr. Woodson for years, and I know him to be a gentleman and a scholar. I know him to be an experienced banker, and I know that he is thoroughly equipped for this position, and I feel sure that the affairs of the Texas Bankers Association in the hands of Mr. Woodson for the next twelve months will be well taken care of.

THE PRESIDENT: The following candidates for president are now before you: W. W. Woodson, R. J. Eckhardt, Herbert D. Ardrey. Unless there is some objection on the part of members we will proceed to ballot on these three candidates. I will ask you to indicate your preference on the ballots, and to sign, not your name, but the name of the bank that you represent, and I further wish to explain that each bank is entitled to only one vote.

MR. R. J. ECKHARDT: While I thank the gentlemen who nominated and seconded my nomination for their evidences of esteem, I wish to ask them to withdraw my name.

(Mr. Camp, the gentleman who nominated Mr. Eckhardt and Mr. Salyer who seconded his nomination withdrew the nomination.)

Vote Tellers Appointed.

THE PRESIDENT: I want to say, in response to a request for information, that a man who is an officer or director of a bank is entitled to one vote for each bank that he represents, either as an officer or a director, provided there is not an officer present from that bank.

The President appointed White George of Italy, J. D. Gillespie of Dallas and Dewitt C. Dunn of Houston to collect and count the votes.

MR. R. LEE KEMPNER: I suggest that while the votes are being counted for President the convention proceed with the election of the other officers.

MR. J. D. GILLESPIE (Dallas): I nominate for the office of secretary W. A. Philpott, Jr., and move that nominations be closed, and that old "Phil" be elected by acclamation.

(The motion was seconded and unanimously carried, but was out of order as the constitution provides the secretary shall be elected by the Executive Committee of the Association.)

THE PRESIDENT: Nominations for Treasurer are in order.

McAdams Elected Treasurer.

MR. GILLESPIE: I do not like to get up twice in a row, but the other speech did not count. We have the election of a treasurer before us, and as the great rank and file of our membership are not in the public eye, and we have been drawing most of our officers from those who have been fortunate or unfortunate enough to be more or less in the public eye, and the great rank and file of our men are unobtrusive and modest, and never have an opportunity to demonstrate their love for this Asso-

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ciation, I think it well for our Association to nominate one of that class once in a while. I take great pleasure in nominating Mr. John Q. McAdams, of Winters, Cashier of the Winters State Bank. We will be $10,000.00 to the good next year if we elect him.

MR. GEORGE E. WEBB: I take great pleasure in rising here to second the nomination of Mr. John Q. McAdams, Cashier of the Winters State Bank, as treasurer of this Association for the ensuing year. Mr. McAdams is a country banker, and he is an honored neighbor of mine. You know 50 or 60 or 70 miles out in Western Texas is right close by, next door, so to speak. So I want this good man, this good banker, this good comrade and good fellow to be elected to the position of treasurer of this Association, and I most heartily second his nomination.

MR. TOM RODGERS: I second the nomination and I move that nominations be closed and that Mr. McAdams be elected by acclamation.

The motion to close nominations and elect Mr. McAdams by acclamation was seconded and unanimously carried.

THE PRESIDENT: Mr. McAdams, it is a wintry day for you. (Laughter.)

MR. McADAMS: I wish only to say that I appreciate this honor, and it will be my constant aim to fulfill the duties of this office in a creditable manner. I thank you. (Applause.)

Group Officers Elected.

THE PRESIDENT: The next business in order is the election of vice presidents for the seven districts, as recommended by the February group meetings. I will read the nominations to you, and if there is any objection you may state your objection:

1st District, Denton W. Cooley, Houston,
2nd District, W. R. Norton, Corpus Christi,
3rd District, L. J. Schneider, Austin,
4th District, Oxsheer Smith, Cameron,
5th District, Gibbons Poteet, Roxton,
6th District, W. L. Atwell, Sonora,
7th District, W. R. Ferguson, Wichita Falls.

MR. KEMPNER: I move that they be elected by acclamation.

The motion was seconded and unanimously carried.

THE PRESIDENT: Nominations are now in order for the next meeting place.

Galveston Chosen for 1919.

MR. GILLESPIE: I am instructed by the Dallas Clearing House Association to extend to you a very cordial invitation to be with us next year. (Applause.)

MR. I. H. KEMPNER: Galveston desires to say that Dallas has the Federal Reserve Bank, and Houston has the Federal Farm Land Bank, but Galveston has a bank of inexhaustible hospitality on which we want you to draw, and we will be very pleased to have you meet with us here again next year. (Applause.)

THE PRESIDENT: Do you really mean that?

MR. KEMPNER: We mean it, fervently and sincerely.

Galveston was thereupon nominated and seconded as the next meeting place, and upon a rising vote was unanimously selected.

Woodson Elected President.

The President announced that the Tellers reported the result of the election for president as follows:

For Mr. Ardrey 86 votes.
For Mr. Woodson 111 votes.

MR. ARDREY: I make the motion that the election of Mr. Woodson be made unanimous. (Applause.)

The motion was seconded and unanimously adopted. The chair appointed Mr. Ardrey, Mr. Law and Mr. Doty a committee to escort Mr. Woodson to the platform.

THE PRESIDENT: I have the pleasure of presenting to you Mr. W. W. Woodson of Waco, who is your president for the ensuing year. Mr. Woodson, on behalf of the Texas Bankers Association I am now pleased to present to you this pin, which is the insignia of your office. I may be pardoned if I express the hope that you may wear it with the same pride that I have, and that the members of this Association may give you the same assistance and co-operation that they have given me. (Applause.)

MR. WOODSON: I know that a speech would be inappropriate at this time, but I want to speak to you just one moment in the spirit on an old Indian chief, who was honored by the American people with a great honor, and he rose and said: "You American white men think with your minds, and your mind has a tongue to express its thoughts. But we Indians think with our hearts, and the heart has not any tongue to express its thoughts." So today, as my heart swells with an emotion of gratitude for this expression of your confidence, I merely wish to say to you, my friends, that I am thinking of you with my heart. (Applause.)

EX-PRESIDENT SMITH: Waiving further ceremony, our president has asked me to state that the meeting stands adjourned until we take our annual bath next year.

Registration List Galveston Convention

Absheir, A. W., Cashier, First State Bank.....Liberty
Alexander, W. S., Asst. Cashier, First Natl.....Groveton
Amsler, L. D., wife and daughter, V. Pres., Farmers Natl. ..... Hempstead
Andrews, W. P., and wife, Cashier, First Natl...Ft. Worth
Angly, J. E., and wife, Pres., Guaranty State.....Palestine
Antone, F. A., Cashier, City Natl.....Clarksville
Ardrey, H. D., Cashier, First State.....Dallas
Atmar, L. P., Pres., First Natl.....Groveton
Arnold, W. E., Cashier, Border Natl. Bank.....El Paso
Ashford, J. G., Pres., Huntsville State.....Huntsville
Ashheim, A., V. P. & Cash., S. Bk. & Tr. Co...Brownsville
Austin, Chas. O., Com. Ins. and Banking.....Austin
Astin, E. H., Pres., City Natl.....Bryan
Avery, W. G., Asst. Mgr., Guaranty Trust Co.....New York

Baker, George R., V. Pres., Chatham & Phoenix Natl. .....New York
Baker, Thos. E., V. Pres., Coml. Guar. State...Nacogdoches
Baker, W. A., Pres., First Natl.....Munday
Ball, Miss Norma.....Galveston
Barbee, J. H., V. Pres. and Cash., First Natl...San Marcos
Barclay, S. A., Cash., Nat. Bank of Com.....San Antonio
Barnett, J. E., Cashier, First Natl.....Thornton
Barnett, J. F., Cashier, Palacios State.....Palacios
Bass, A. H., B. K., F. & M. State.....Krum
Bartley, W. I., Cashier, Pecan Gap State.....Pecan Gap
Barton, J. W., and wife, Pres., First State.....Oakwood
Beckley, Stewart D., Asst. Cash., City Natl.....Dallas
Bellamy, B. J., V. Pres., Lockhart State.....Lockhart
Benham, A. K., So. Texas State.....Galveston
Berkeley, B. F., Pres., Alpine State.....Alpine
Biggs, W. E., Cashier, Guar. State.....Carthage
Blackburn, D. E., Cashier, First State.....Arlington
Blanchette, Lee, V. Pres., Amer. Natl.....Beaumont
Boles, C. F., Cashier, First Natl.....Jacksonville
Boney, W. A., Cashier, Iola State.....Iola
Bookman, J. D., Cashier, Richards State.....Richards
Booth, F. I., Pres., The Bank of Booth.....Booth
Bosse, F. H., Pres., Washington Co. State.....Brenham
Bowers, R. A., Cashier, F. & M. State.....Childress
Boyd, W. A., Special Officer, Texas Bkrs. Assn.....Waco
Bradley, Frank, Asst. Cashier, Guar. State.....San Antonio
Bradley, Mrs. L. C., So. Texas Commercial.....Houston
Branom, J. M., Asst. Cash., Cumby State.....Cumby

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With individuality—distinctive with originality—designed by our own chief designer who stands second to no man in the South—fixtures designed by us invariably fit the specific dimensions for which they were made—the finest workmanship and material at the lowest possible reasonable price. If you need new fixtures

WRITE US

and do not worry. Let us know about what you want—about what you want to spend—give us the "starting" idea, and we will "do the rest." We have the men "with the know," the designers, and the skilled workmen to GUARANTEE YOU PERFECT SATISFACTION.

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Brenchley, F., Asst. Cash., Com. Natl.....New Orleans, La.
Brennan, P. J., Cash., Natl. Bk. of Denison.....Denison
Brents, W. R., President, Coml. Natl.....Sherman
Broach, Walker, V. Pres., Whitney Central Natl. .....New Orleans, La.
Brock, Uzel M., Cashier, Guar. State.....Grapeland
Browning, W. H., Jr., and wife, Cashier, Pecos Valley State ..... Pecos
Bright, Marcus, Cashier, Ft. Worth State.....Ft. Worth
Bruce, O. C., Cashier, First State.....Wills Point
Bryan, Guy M., Jr., Vice Pres., First Natl.....Bryan
Bussey, E. H., Pres., Guaranty State.....Longview
Burke, G. R, V. Pres., Bay City B. & T. Co.....Bay City
Butler, J. W., Pres., First Guar. State.....Clifton
Butler, T. B., Pres., Guaranty State.....Tyler
Byrns, A. R., Cashier, First Natl.....Enloe
Caldwell, R. A., and wife, Cash., First State.....Corsicana
Camp, H. H., Pres., Rockdale State.....Rockdale
Campbell, Geo. D., and wife, V. P., Guar. State..... .....San Antonio
Campbell, G. N., Cashier, Buffalo State.....Buffalo
Cannon, F. L., Cashier, Citizens State.....Alice
Carmichael, C. T., Cashier, Security State.....Blue Ridge
Carpenter, F. H., and wife, Pres., Sour L. State..Sour Lake
Carroll, Joe E., Pres., Guaranty B. & T. Co.....Beaumont
Carter, J. I., Cashier, Citizens State.....Marshall
Carter, J. Oran, and wife, Pres., 1st Guar. State.....Ennis
Cash, Benj. D., Magnolia Prov. Co.....Houston
Catterall, Arthur E. A., First Natl.....Galveston
Catterall, Fred W., and wife, Cash., First Natl...Galveston
Chamberlain, L. S., So. Texas State.....Galveston
Chamberlain, F. E., Cashier, Donley Co. State....Clarendon
Chapman, J. L., Cashier, First Natl.....Farmersville
Chesney, Snelson, and wife, V. P. Guar. Cattle Loan Co. .....Kansas City
Chidsey, J. C., and wife, Asst. V. P., Nat. City..New York
Clark, J. G., and wife, Cashier, Nocona National....Nocona
Clarke, Frank, Representing A. & M. College.....Bryan
Cobb, L. B., Cashier, Citizens Natl.....Groesbeck
Cohn, Louie, Cashier, Laredo National.....Laredo
Coleman, G. R., Asst. Cashier, First State.....Paris
Collins, Miss L......Galveston
Colquitt, R. M., Agt., Pan. Amer. Life Ins.....Houston
Conner, J. R., Cashier, First State.....Ratcliff
Cook, Reuben R. R., Pres., Tucson Natl.....Tucson, Ariz.
Cooley, Denton W., and wife, Cash., Union Natl...Houston
Coombs, C. F., and wife, Cashier, Citizens State....Ganado
Cooper, L. C., Cash., Guaranty State.....Willis
Copeland, Mary Louise.....Galveston
Corbitt, Miss Leffler R., Austin Natl.....Austin
Cowab, Miss Della, First State.....Hamlin
Cowell, S. B., Cashier, First Natl.....Whitesboro
Craft, J. A., Director, First Natl.....Leonard
Crane, W. C., Cashier, First State.....Franklin
Creswell, H., Cashier, First State.....Penelope
Crim, W. C., Cashier, First State.....Pine Hill
Critchell, L. S., Asst. Secy., Guar. Trust Co.....New York
Crondall, F. A., V. Pres., Natl. City.....Chicago
Cross, Claud, Representing Reimers Co.....Ft. Worth
Cross, Robt. E., and wife, Cash., Poynor State.....Poynor
Cruce, J. L., Cashier, Weir State.....Weir
Crysup, J. T., and wife, Cash., Citizens State.....Bastrop
Cureton, C. M., Asst. Atty. Genl. of Texas.....Austin
Currin. O., Asst. Cash., First State.....Dallas

Daniel, E. B., Cashier, Citizens State.....Toyah
Dansby, Chas. E., Cashier, First Natl.....Valley Mills
Davis, J. H. P., Pres. J. H. P. Davis & Co.....Richmond
Davis, J. J., and wife, Pres., So. Texas State....Galveston
Davis, Olney, wife and son, Asst. Cashier Farmers National ..... Hillsboro
Davis, Mrs. T. H., Amer. National.....Austin
Davis, W. P., wife and daughter, Pres., Farmers St...Alvin
Day, J. Dabney and wife, V. Pres., City Natl.....Dallas
Deets, Ralph R...... Kalamazoo
Dew, W. C., Cashier, Trent State.....Goldthwaite
Dickens, W. H., LaFeburee Ledger Co.....Cedar Rapids, Ia.
Dickinson, A. B., Bookkeeper, Citizens Natl.....Longview
Dickinson, B. C., Cashier, Guaranty State.....Troup
Dietze, F., Jr., V. P. and Cashier, Citizens Bank & Trust Co. .....New Orleans
Dobie, S. M., Asst. Cashier, First State.....Mathis
Dodson, J. M., and wife, Cashier, First State....Chillicothe
Donaho, G. R., wife and daughter, Acting V. P. First State .....Normangee
Doty, P. B., and wife, V. P. Gulf Natl.....Beaumont
Dowell, W. C., Cashier, Guaranty State.....Lone Oak
Downs, J. P., Cashier, First Natl.....Edgewood
Downs, T. L., Acting V. Pres., First Natl.....Temple
Douglass, H. A., and wife, Asst. Cashier, First Natl. .....Eagle Lake
Douglass, J. S., and wife, Cashier, Farmers Natl...Gonzales
Douglas, Jno. O., President, First State.....Henderson
Doyle, Miss Mary M......Galveston
Dreaper, John, and wife, Asst. Cashier, So. Tex. Comm. National ..... Houston
Driscoll, M. C., Cashier, Yoakum State.....Yoakum
Drushel, S. G., Cashier, Jackson Co. State.....Edna
Dudley, Elam, Cashier, Ozona Natl.....Ozona
Duke, C. E., wife and daughter, Cashier, Tulia Bk. & Tr. Co. .....Tulia
Dunn, DeWitt C., and wife, V. P. Union Natl.....Houston
Dunn, H. C., Asst. Cash., First Natl.....Terrell
Duprey, E. L., Pres., First Natl.....Purdon
Dupree, R. B., Vice Pres., Central Tex. Ex. Natl.....Waco

Eckhardt, Robt. J., and wife, Cashier, First State Bk. & Tr. Co.....Taylor
Ehlers, O. W., Asst. Cashier, First Natl.....Yorktown
Eldridge, W. T., Jr., and wife, President, Imperial B. & Tr. Co.....Sugarland
Elkins, S. J., and wife, Cash., Nixon State.....Nixon
Ellsworth, Fred W., V. Pres., Hiber. B. & T. Co..... .....New Orleans
Elmore, C. M., President, Guar. State.....Kirven
Embry, Jacob, Pres., First Natl.....Lovelady
Epperson, Mrs. .....Dallas
Erwin, Ralph G., Cashier, First Natl.....Ballinger
Eubanks, A. H., Cashier, Josephine State.....Josephine
Evershade, P. J., and wife, Cashier, So. Tex. Com. Natl. Bank .....Houston
Farmer, J. R., President, First Natl.....Richmond
Farris, C. E, Director, F. & M. State.....Winnie
Fay, Miss Alice .....Galveston
Felder, S. S., Vice Pres., Huntsville State.....Huntsville
Felty, Guy E., Cashier, First State.....Wolfe City
Ferguson, John B., V. Pres., Whitney Central Natl. .....New Orleans
Ferguson, W. P., Pres., Wichita State.....Wichita Falls
Fileson, H. S., and wife, Pres., Jasper State.....Jasper
Fincher, J. W., Cashier, Humble State.....Humble
Fite, J. A., Asst. Cashier, Lumberman's Natl.....Houston
Fiti, J. A., Asst. Cashier, Lumberman's.....Houston
Fitzgerald, D. O., Asst. Cashier, Third Natl.....St. Louis
Fleming, Jno. P., Cashier, Power State.....Archer City
Fakes, C. A., Cashier, Del Rio Natl.....Del Rio
Folts, W. H., and wife, V. Pres., Austin Natl.....Austin
Forbes, W. L., Vice Pres., First Natl.....Kosse
Foster, C. W., V. P. and Cashier, Natl. Bank of Commerce ..... Houston
Foster, C. L., President, First State.....Mission
Francis, W. C., Cashier, First State.....Purdon
Franka, J. J., Director, New Ulm State.....New Ulm
Frazier, W. C, Cashier, Gilmer State.....Gilmer
Freeman, N. K., Cashier, First State.....Rowena
Freeman, W. C., Asst. Cashier, Natl. Bank of the Republic ..... Chicago
Frels, O. G., Cashier, First State.....Welcome
Frey, R. W., Baker-Vawter Co.....Dallas
Fry, E. J., Vice Pres., First Natl.....Marshall

Gaines, John W., Bay City Bank & Tr. Co.....Bay City
Galey, C. M., Vice Pres., Farmers Guar. State.....Kemp
Gardner, H. W., Cashier, Tex. Bk. & Tr. Co.....Beaumont
Gardner, W. D., Cashier, Farmers State.....Granger
Garrison, J. F., and wife, Cashier, Citizens Natl.....Abilene
Gary, C. W., and wife, Asst. Cashier, City Natl...Galveston
Gaston, R. J., President, First Natl.....Mineola
Gee, A. H., President, Pilot Point Natl.....Pilot Point
George, Whit, and wife, Pres., Farmers State.....Italy
Green, E. E., and wife, Vice Pres., Rosebud State..Rosebud
Green, J. C., and wife, Director, Rosebud State....Rosebud
Gibbard, W. W., and wife, Director, 1st State..Wills Point

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The National Park Bank

of NEW YORK *Organized 1856*

CAPITAL	$ 5,000,000.00
SURPLUS AND UNDIVIDED PROFITS	17,500,000.00
DEPOSITS (May 10, 1918)	194,000,000.00

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WILLIAM O. JONES
MAURICE H. EWER
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ERNEST V. CONNOLLY

Assistant Cashiers
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HENRY L. SPARKS
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CORNELIUS VANDERBILT
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RICHARD H. WILLIAMS
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JOHN G. MILBURN
WM. VINCENT ASTOR
JOHN C. VAN CLEAF
JOSEPH D. OLIVER
ROBERT P. PERKINS
JOHN JAY PIERREPONT
LEWIS CASS LEDYARD, JR.
SYLVESTER W. LABROT

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

57 Broadway

Capital	$10,000,000
Surplus and Profits	12,278,000
Deposits (May 10th, 1918)	333,278,000

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WILLIAM E. PURDY, Asst. Cashier
CHARLES D. SMITH, Asst. Cashier
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M. HADDEN HOWELL, Asst. Cashier
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HENRY R. ENDICOTT
ANDREW FLETCHER
EDWARD T. NICHOLS
NEWCOMB CARLTON
FREDERICK H. ECKER
EUGENE V. R. THAYER
CARL J. SCHMIDLAPP
GERHARD M. DAHL

WE RECEIVE ACCOUNTS OF

Banks, Bankers, Corporations, Firms or Individuals on favorable terms, and shall be pleased to meet or correspond with those who contemplate making changes or opening new accounts.

FOREIGN EXCHANGE DEPARTMENT

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Gill, B. L., Vice Pres., Seaboard Natl.....New York City
Gillespie, J. D., Cashier, Tenison Natl.....Dallas
Gillespie, R. S., Cashier, Peoples Guar.....Dayton
Glover, J. T., Cashier, First State.....Kirkland
Golightly, Geo. B., Asst. Cashier, Hico Natl.....Hico
Gordon, C. A., and wife, Cashier, First State.....Richland
Goree, Robert E., and wife, Repr. Natl. City.....New York
Grabow, A. F., Vice Pres., Caldwell Natl.....Caldwell
Graham, Miss Aylette.....Galveston
Graham, Kelley, Asst. Cashier, Irving Natl.....New York
Graham, Malcolm, and wife, Sec. and Treas., Security Trust Co. .....Galveston
Graves, A. M., and wife, Cash., Red River Natl...Clarksville
Graves, Fred H., Cashier, Rockdale State.....Rockdale
Graves, Geo. T., and wife, Cash., Cameron State..Cameron
Greer, W. N., and wife, Cashier, First State.....Harleton
Grider, A. P., Vice Pres., First Natl.....Leonard
Griffith, Joe B., Cashier, Citizens Bank.....Palmer
Griffith, Mrs. J. F. .....Galveston
Griffith, Jno. H., President, City Natl.....Taylor
Groos, Franz C., President, Groos Natl.....San Antonio
Gunderman, Miss Norma.....Galveston
Gunderman, Walter E., Tex. Bk. &Tr. Co.....Galveston
Gunn, H. L., Cashier, Ben Arnold State.....Ben Arnold

Haile, J. H., V. Pres., City National.....San Antonio
Hale, J. C., Asst. Cash., F. & M. Natl.....Farmersville
Hall, Ed., President, First State Bk. & Tr. Co.....Bryan
Hambright, B. T., and wife, V. P., Cont. State....Roanoke
Hancock, S. H., First Natl.....Paris
Hannah, R. H., Asst. Cash., So. Tex. Comm.....Houston
Hardie, Mrs. G. C......Galveston
Harkey, J. D., Asst. Cash., City Natl.....Spur
Harkey, T. G., Cashier, First State.....Salado
Harlan, O. P., and wife, V. P., First State.....Stamford
Harris, E. E., Cashier, Bronson State.....Bronson
Harris, T. L., Vice Pres., F. & M. State.....Quitman
Hart, H. M., and wife, Asst. Cash., City Natl...San Antonio
Harvey, C. M., Pres., Sec. Bk. & Tr. Co.....El Paso
Hattery, Wilber, Asst. Cash., Con. & Comm. Natl...Chicago
Haven, J. R., Vice Pres., First State.....Denison
Hayes, Arthur, Cashier, Lewisville State.....Lewisville
Hayes, N. T., Transit Mgr., Phila. Natl.....Philadelphia
Hayes, O. P., Asst. Cash., First Guar. State.....Denton
Hayes, Wm. Z., Natl. Bk. Examiner.....Mt. Pleasant
Haywood, C. F., Cashier, First State.....Hallville
Heard, T. H., and wife, Pres., Temple State.....Temple
Hellings, J. M., Vice Pres., Interstate Natl.....Kansas City
Herbst, A., Cash., First State Bk. & Tr. Co.....Hereford
Herzog, J. P., Rep., Clarke & Courts.....Galveston
Hetherwick, H. L., and wife, Editor, Texas Bankers Journal ..... Houston
Heyck, H. A., Vice Pres., Rosenberg State.....Rosenberg
Hightower, J. E., V. Pres., First Natl.....Henderson
Hill, Mrs. J. K., Reception Committee.....Galveston
Hill, W. L., Pres., New Waverly State.....New Waverly
Hilliard, J. P., Director, Orange Natl.....Orange
Hirsch, J., Vice Pres., Corpus Christi Natl...Corpus Christi
Hocker, Ed., Cashier, Peoples Natl.....Lampasas
Hodkin, S. B., V. P., First State.....Barry
Hoffman, N. A., V. P. & Cash., San Diego State..San Diego
Holland, Travis, The Texas Co.....Houston
Holmes, A. M., Vice Pres, First Natl.....Richmond
Hooks, R. O., Cashier, F. & M. Bank.....Mertens
Hopper, J. W., wife and daughter, Cash., Oliver, Loving & Co.....Jermyn
Horne, A. A., and wife, Act. V. P., City Natl.....Galveston
Horton, A., and wife, Clerk, Itasca Natl.....Itasca
House, E. W., Cashier, Robt. J. Kleberg & Co.....Kingsville
House, J. D, and wife, Teller, W. L. Moody & Co. ..... Galveston
Householder, D., Representing Baker-Vawter Co., ...Benton Harbor, Mich.
Howell, A., wife and three daughters, President Burnet Natl. .....Burnet
Howell, Silas, Clerk, Burnet Natl.....Burnet
Houston, Russel, Cash., Hebbronville State....Hebbronville
Hudson, O. G., Asst. Cash., P. & M. State.....Hearne
Huffington, R. M., Vice Pres., First State.....Tomball
Hughes, Dwain E., Cashier, First Natl.....Mertzon
Hutchings, Mrs. Sealy, Ladies Reception Com.....Galveston

Irby, R. F. .....Galveston
Ivy, William, and wife.....Galveston
Jack, Fred M., Transit Mgr., First State.....Dallas
Jackson, J. G., Asst. Cash., Brazoria Co. State....Angleton
James, M. G., Hamilton Natl.....Hamilton
James, J. T., and daughters, Pres. Hamilton Natl. ..... Hamilton
Jamison, B. M., Cashier, Brazoria Co. State.....Angleton
Jamison, W. T., Cashier, Dayton State.....Dayton
Jeffus, Tom, Cashier, First State.....Deport
Jensen, M. P., Cashier, City National.....Galveston
Jones, A. M., Cashier, First Natl.....Hemphill
Jones, B. L., wife and son, Cash., First Natl.....Hamlin
Jones, M. S., Cashier, Citizens Bank.....Aledo
Jones, T. E., Vice Pres., First Natl.....Center
Jones, W. C., and wife, Cash., Huntsville State..Huntsville
Jones, W. H., and wife, Cashier, Con. State.....Groesbeck

Jordon, C. C., Cashier, City National.....Forney
Jordan, J. L., Cashier, First Natl.....Groveton
Joyner, M. M., Vice Pres., Peoples Guar.....Tyler

Kahn, Arthur T., Vice Pres., Comm. Natl.....Shreveport
Kasling, R. M., and wife, Cash., First Natl...Hughes Spg's.
Kauffman, Mrs. Abe., Reception Committee.....Galveston
Kean, L. P., Bank Examiner.....Dallas
Keeble, W. R., Asst. Cash., F. & M. Natl.....Abilene
Keller, I. N., Asst. Cash., First Natl.....Georgetown
Kelley, L. L., and wife, Rep., Tex. Bk. & Tr. Co...Galveston
Kellogg, L. T., Rep., Burroughs Adding Machine Co. .....Kansas City
Kelly, Fred, Cashier, Cent. State.....Dallas
Kempner, Mayor I. H., and wife, Pres., Texas Bk. & Tr. Co. .....Galveston
Kempner, R. Lee., Cash., Texas Bk. & Tr. Co...Galveston
Kennard, G. B., Cashier, First Natl.....Anderson
Kent, Mrs. N. B. .....Austin
Kerr, A. F., and wife, V. P., El Paso B. & T. Co...El Paso
Key, H. N., Pres., First Natl.....Lampasas
Kirwin, Rev. J. M......Galveston
Knox, J. Roy, and son, Cash., Riddle Ex. Bk...Gladewater
Koehler, Geo. H., and wife, Cashier, Texas City Natl. .....Texas City
Kollman, Mrs. Lester.....New Ulm
Krahl, D. D., Asst. Cash., Houston Natl. Ex.....Houston
Kramer, H. W., Vice Pres., Natl. Stockyard.....St. Louis
Krueger, C. A., Vice Pres., Marion State.....Marion
Kubena, J. R., Pres., Fayetteville State.....Fayetteville
Kurth, Roy W., Asst. Cash., Lufkin Natl.....Lufkin

Lacy, A. M., and wife, Rep., R. H. Swartz Co.....Houston
Lacy, Walter G., and wife, Vice Pres., Citizens Natl...Waco
Ladner, F. O. A., and wife, Cashier, Nordheim State .....Nordheim
Landrum, Mrs. J. L., Stockholder, San Benito Bank & Trust Co.....San Benito
Langston, C. R., President, First State.....Garrison
Lanier, I. E., Cashier, Cass Co. State.....Linden
LaPrade, J. C., Cashier, First Natl.....Tulia
LaRue, I. P., Cashier, Athens Natl.....Athens
Lasswell, Lynn D., Cash., Waxahachie Natl...Waxahachie
Law, F. M., and wife, V. P., First Natl.....Houston
Lawson, J. Roy., Asst. Cash., Newton Co. State....Newton
Leavell, J. R., and wife, Asst. Cash., Mec. Am. Natl. .....St. Louis
LeFebure, Leo. T., Rep., LeFebure Ledger Co. .....Cedar Rapids
Lewis, J. A., Vice Pres., Natl. Bank of Comm...St. Louis
Lipscomb, A. L., and wife, Cash., F. Guar St...North Zulch
Little, H. W., Cashier, First State.....Uvalde
Lockwood, J. H., President, First State.....Waco
Longmoor, J. E., and wife, V. P., Drovers Natl. .....Kansas City
Longmoor, Stanley A., Bank Examiner.....Dallas
Lord, J. A., and wife, Official Reporter, T. B. A...Houston
Lowe, T. A., President, First Natl.....Brenham
Lowery, W. A., Cashier, New Boston Natl.....New Boston

Machemehl, W. F., Cashier, Austin Co. State.....Bellville
Maedgen, Wm. L., Cashier, Citizens Exchange.....Troy
Marks, Eli, State Bank Examiner.....Waco
Marshall, L. W., Asst. Cash., Stockyards Natl...Ft. Worth
Martin, B. H., Cashier, F. & M. Natl.....Ft. Worth

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IF you have no correspondent in Dallas, or if you have one and contemplate a change, we will welcome the opportunity of proving to you the benefits which will accrue from forming a connection with us.

First State Bank

Guaranty Fund Bank—Member Federal Reserve Bank

Officers and Directors

GEORGE W. RIDDLE, ... President
W. F. SKILLMAN, ... Active Vice President
A. RAGLAND, ... Vice President
CULLEN F. THOMAS, ... Vice President
H. D. ARDREY, ... Cashier
A. H. ESTES, ... Assistant Cashier
W. H. LEFTWICH, ... Assistant Cashier
O. CURRIN, ... Assistant Cashier
R. T. HARRIS, ... Assistant Cashier
S. H. BOREN, ... Investments
JOS. E. COCKRELL, . . . Cockrell, Gray & McBride
W. A. GREEN, ... W. A. Green Company
GEO. W. LOUDERMILK, ... Undertaker
L. L. JESTER, ... Investments
EVERETT S. OWENS, ... Lumber
DR. JNO. S. TURNER, Med. Dir. Southland Life Ins. Co

The National Bank of Commerce in St. Louis

Capital, Surplus and Profits, over $13,500,000.00

IN many lines of business, the service rendered is based on what the "average man" wants. But the probable requirements of the "average bank" are not a factor in our plan for serving correspondents. Each bank is given service adjusted to its own particular needs.

Large Enough to Serve Any—Strong Enough to Protect All.

JOHN G. LONSDALE, President
W. B. COWEN, Vice-President
J. A. LEWIS, Vice-President and Cashier
R. F. McNALLY, Vice-President

Our constant aim is to meet the requirements of customers in a manner consistent with right banking principles.

The Mechanics and Metals National Bank

OF THE CITY OF NEW YORK

ESTABLISHED 1810

Deposits, - - - - - (May 10, 1918) - - - - - $218,000,000

Fort Dearborn National Bank

CHICAGO, ILLINOIS

Capital and Surplus - - - $4,000,000

WILLIAM A. TILDEN, President.
NELSON N. LAMPERT, Vice-President.
HENRY R. KENT, Vice-President.
JOHN FLETCHER, Vice-President.
GEORGE H. WILSON, Vice-President.
MARCUS JACOBOWSKY, Vice-President.
CHARLES FERNALD, Vice-President.
E. C. TUBBS, Cashier.
HARRY LAWTON, Manager Foreign Exchange Dept.

United States Depositary

Fort Dearborn National Bank Chicago TRADE MARK REGISTERED

A General Banking Business

Wm. W. LeGROS, Assistant Cashier.
CHARLES L. BOYE', Assistant Cashier.
Wm. L. McKEE, Assistant Cashier.
ROBT. J. McKAY, Assistant Cashier.
Wm. E. McLALLEN, Assistant Cashier.
EDWARD N. HEINZ, Assistant Cashier.
Wm. J. FICKINGER, Assistant Cashier.

A Completely Equipped Foreign Exchange Dept.

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Martin, Walter M., and wife, Asst. Cash., Coml.....Mason
Mason, O. N., Cashier, First State.....Melvin
Massie, W. M., Cashier, Ft. Worth Natl.....Ft. Worth
Mathis, Thos. E., and wife, Cash., State Natl...San Antonio
Matthews, Theo., Vice Pres., First State.....Purdon
Maxwell, Archibald F., Asst. Cashier, Natl. Bank of Com. .....New York
Mayfield, C. R., Pres., First State.....Liberty Hill
McAdams, John Q., Cashier, Winters State.....Winters
McAshan, Maurice, Vice Pres., So. Tex. Coml. Natl. ..... Houston
McCarson, J. T., wife and daughter, Cashier, Lometa State ..... Lometa
McCarthy, Miss Alice, Ed. McCarthy & Co.....Galveston
McCarthy, Mrs. S. L., Ed. McCarthy & Co.....Galveston
McCarthy, J. T., Director, Lumberman's Natl.....Houston
McCreary, I. P., Asst. Cash., Guaranty State Bank & Trust Co.....Gatesville
McCutchen, C. E., and wife, Cashier, First Natl. .....Wichita Falls
McDaniel, W. E., and wife, Pres., First Natl.....Lubbock
McDonald, J. P., Salesman, Baker-Vawter Co.....Waco
McGaughy, H. P., and wife, Cashier, First Natl.....Gilmer
McGlothlin, E. W., Cashier, First State.....Bomarton
McKay, Robert J., Asst. Cashier, Ft. Dearborn Natl. ..... Chicago
McKnight, R. W., First State.....Arlington
McLaughlin, A D., wife and daughter, President, First
McLaughlin, F. M., and wife, Cashier, First State..Lorenzo
McLeon, J. C., and wife, V. Pres, Farmers Guar. State .....North Zulch
McMullen, W. R., Vice Pres., Guar St. Bank & Trust Co. ..... Lufkin
McShan, W. B., Cashier, First State.....Pilot Point
State ..... Hamlin
Means, R. B., Houston Natl. Exchange.....Houston
Meek, C. J., and wife, Asst. Cash., First Natl.....St. Joe
Meerscheidt, Otto, Cashier, Alamo Natl.....San Antonio
Meginnis, Wm. G., Cashier, State Natl.....Denison
Mendenhal, C. G., Cashier, F. & M. State.....Winnie
Meredith, H. W., Cashier, Mineola State.....Mineola
Metz, W. C., Cashier, First State.....Yorktown
Meyer, W. J., Burroughs Adding Mach Co...Jackson, Miss.
Miertschin, T. A., Cashier, First State.....Otto
Milam, C. A., President, First Natl.....Glen Rose
Miller, C. F., Cashier, First Natl.....Gregory
Miller, Chas. S., President, Ballinger State.....Ballinger
Miller, E. J., Representing Coml. Natl.....Beeville
Miller, F. H., Vice President, First State.....Riesel
Miller, Geo., Cashier, Natl. Bank of Commerce.....Dallas
Miller, R. E., Cashier, Coml. Natl.....Beeville
Miller, R. J., Cashier, Guaranty State.....Marshall
Miller, T. D., and son, Cashier, Alto State.....Alto
Miller, W. E., President, Goldthwaite Natl.....Goldthwaite
Miller, W. N., Cashier, First State.....Leonard
Mitchell, Frank C., Asst. Cash., St. Natl. Bk. of Com. .....Kansas City
Moore, C. H., V. P., Tex. Bk. & Tr. Co.....Galveston
Moore, Chas. H., Vice Pres., National City..Kansas City
Moore, J. E., President, First State.....Kemp
Morriss, John E., State Bank & Trust Co.....Taylor
Moore, J. H., President, First Natl.....Deport
Morris, J. V., and wife, Pres., Bartlett State.....Bartlett
Moore, Luke, Jr., Director, First St. Bk. & Tr. Co...Waco
Moore, Stuart, Baker-Vawter Co.....Dallas
Motley, G. H., Cashier, First Guar. State.....Overton
Mullen, J. S., Director, Ft. Worth State.....Ft. Worth
Mullen Raymond, Cashier, Taft Bank.....Taft
Murchison, D. R., and wife, V. P., First Natl.....Athens
Murchison, F. M., Vice Pres., Tex. Bk. & Tr. Co...El Paso
Munsey, B. B., President, State Natl.....Corsicana
Munsey, Mrs. E. W., Director, First State.....Barry
Murray, P. A., Cashier, The Levi Bk. & Tr. Co.....Victoria

Neel, C. C., Cashier, Rockwood State.....Rockwood
Nelms, C. C., Cashier, Caldwell Natl.....Caldwell
Nerger, Paul, Asst. Cashier, Citizens State.....Giddings
Neuhaus, Hugo V., Neuhaus & Co.....Houston
Newsbrough, C. O., First Natl.....Galveston
Newcomer, T E., Cashier, Central Natl.....St. Louis
Newton, J. O., President, First State.....Milano
Newton, W. O., Cashier, First State.....Milano
Nicholson, D. E., Cashier, First State.....Terrell
Nicholson, O. T., Cashier, F. & M. State.....Shamrock
Nixon, Rhea S., Cashier, Pearsall Natl.....Pearsall
Noble, Earl L., Cashier, Citizens Natl.....Sour Lake
Noble, W. H., and wife, Texas Company.....Dallas
Nolan, W. I., (on Program), Member Legislature ..... Minneapolis
Nolte, Walter, and wife, Pres., E. Nolte & Son.....Seguin
Norton, W. R., Vice Pres and Cashier City Natl. .....Corpus Christi
Norwood, Ewing, and wife, V. P., First Natl.....Navasota
Nuner, C. G., Bookkeeper, Farmers State.....Alvin
Nussbaum, Joseph, President, First Natl.....Mexia

O'Bannon, H., Cashier, San Angelo Natl.....San Angelo
Ohlmacher, H. H., Burroughs Adding Machine Co. .....Kansas City
Olson, C. F., and wife, Cashier, F. & M. St. Bk.....Mabank

Pace, J. W., Cashier, First Natl.....Troupe
Paro, F. J., and wife, Rep., Natl. Bk. of Comm.....St. Louis
Parry, David W., Vice Pres., Farmers Deposit Natl. ..... Pittsburgh
Parry, Valley, First Natl. .....Kemp
Parten, P. B., and wife, Cash., Farmers State.....Shiro
Patterson, R. H., and wife, Cash., Star State.....Star
Pautsch, Miss Katherine.....Galveston
Payne, B. F., Cashier, Guaranty State.....Flynn
Pease, C. H., Pres., Raymondville State....Raymondville
Pennybacker, Mrs. Percy V.....Austin
Perry, Emmett Lee, and wife, Cash., First State..Bay City
Peters, J. E., Cashier, First Natl.....Livingston
Peterson, A. J., Asst .Cash., Central Tex. Ex. Natl.....Waco
Philen, J. G., Cashier, P. & M. State.....Hearne
Phillips, C. H., Pres., Buffalo State.....Buffalo
Philpott, W. A., Jr., and wife, Sec. Tex Bkrs. Assn...Dallas
Pierce, W. C., Cashier, Marshall Natl.....Marshall
Pierson, Lewis E., Irving Natl.....New York
Pillot, C. G., Vice Pres., Union Natl.....Houston
Pittman, G. H., Cash., Amer. Exch. Natl.....Dallas
Plants, Geo. S., Cashier, First Natl.....Seymour
Pondrom, J. A., and wife, V. P., So. Texas Coml...Houston
Porter, B. E., and wife, Bank Supplies.....Greenville
Poteet, Gibbons, and wife, Cashier, First Natl.....Roxton
Potts, Mrs. A. D., Belton Natl.....Belton
Power, F. M., Cashier, Campbell & Power.....Olney
Price, W. S., Vice Pres., First Natl.....Chireno
Prosser, R. W., Director, Del Rio Natl.....Del Rio

Ratliff, G. W., Director, Denison B. & T. Co.....Denison
Ragsdale, A. E., and wife, Cash., First Guar. State .....Collinsville
Ramsey, W. F., Fed. Reserve Agt., Fed. Reserve....Dallas
Reed, V. E. H., Pres., First State.....Holland
Reid, Mrs. S. D., F. & M. Natl.....Venus
Reid, W. Arthur and wife, Cash., First State.....Kaufman
Reimers, C. D., and wife, Reimers Co.....Ft. Worth
Renfro, Elmer, and wife, Cash., Amer. Natl.....Ft. Worth
Rhea, Cleaves, Pres., First Natl.....Whitney
Richards, M. H., Asst. Cash., First Natl.....Valley Mills
Richardson, J. L., U. S. Int. Rev. Dept.....Texas
Ridout, Bernice, Citizens State.....Luling
Ridout, L. A., and wife, Cash., Citizens State.....Luling
Riley, W. P., Pres. and Cash., Junction State.....Junction
Riviere, B. G., Cashier, Liberty State.....Liberty
Rivers, W. H., Jr., and wife, Pres., Elgin Natl.....Elgin
Roach, S. C., Cashier, Citizens Natl.....St. Joe
Roberts, B. C., Pres., Wharton Bk. & Tr. Co.....Wharton
Roberts, Miss Hortense.....Galveston
Roberts, Suttle, Clerk, First Natl.....Corsicana
Rodgers, R. F., Denison Bk. & Tr. Co.....Denison
Rodgers, Tom, and wife, Pres., Denison B. & T. Co. ..... Denison
Roots, J. O., Lig. Agt., State Bkg. Dept.....Austin
Ruckman, J. W., Cashier, Karner Co. Natl.....Karnes City
Ruckman, W. E., Cashier, F. & M. State.....Kenedy
Rutheford, H. P., Cash., First State.....Bangs

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THE LIBERTY NATIONAL BANK of NEW YORK

CAPITAL $3.000.000.00
SURPLUS 3.000.000.00
UNDIVIDED PROFITS · 1.010.300.00

OFFICERS

HARVEY D. GIBSON . . . . . President
DANIEL G. REID . . . . Vice President
CHAS. W. RIECKS . Vice Pres. and Cashier
ALEXANDER M. HALL, 2nd Vice President
ERNEST STAUFFEN, Jr. . Vice President
JOSEPH A. BOWER . . . Vice President
FREDERICK P. McGLYNN Assistant Cashier
THEODORE C. HOVEY . Assistant Cashier
LOUIS W. KNOWLES . Assistant Cashier
FREDERICK W. WALZ . Assistant Cashier
SIDNEY W. NOYES . . Assistant Cashier

Bankers: If you are in the market for good investment paper write us about cattle loans, endorsed by the DROVERS CATTLE LOAN COMPANY. This company has an actual paid capital of $200,000.00 : : : : : : : : : : :

CATTLE INSPECTED BY EXPERIENCED MEN
A SAFE INVESTMENT FOR THINKING BANKERS

Drovers National Bank

KANSAS CITY, MO.

Capital $1,000.000.00
Surplus and Earnings 250,000.00

OFFICERS

HARRY L. JARBOE, JR. ..... President
ALBERT NEWMAN ..... Vice President
J. E. LONGMOOR ..... Vice President
GEORGE YOUNG ..... Vice President
I. E. GASKILL ..... Cashier
WALTER ROBINSON ..... Assistant Cashier
H. R. COULTER ..... Assistant Cashier
P. S. TOMSON ..... Assistant Cashier
C. H. KELLY ..... Assistant Cashier

THE **Hanover National Bank**

of The City of New York
Pine and Nassau Streets

Capital - - $ 3,000,000
Surplus and Profits - - - 17,000,000

We can arrange to have Banks and Bankers draw their own drafts on Foreign Cities against our account

WILLIAM WOODWARD, President
E. HAYWARD FERRY, Vice-President
SAMUEL WOOLVERTON, Vice-President
JOSEPH BYRNE, Vice-President
CHAS. H. HAMPTON, Vice-President
HENRY P. TURNBULL, Vice-President
WILLIAM E. CABLE, Jr., Cashier
J. NIEMANN, Assistant Cashier
WILLIAM DONALD, Assistant Cashier
GEORGE E. LEWIS, Assistant Cashier
WILLIAM H. SUYDAM, Mgr. Foreign Department
ROBERT NEILLEY, Asst. Manager

Organized in 1868

THIS INSTITUTION PLACES AT YOUR DISPOSAL FACILITIES PERFECTED THRU HALF A CENTURY OF EXPERIENCE IN LIVE STOCK FINANCING AND GENERAL BANKING. :-: :-: :-:

The Live Stock Exchange National Bank
AND
Chicago Cattle Loan Company
of CHICAGO

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ERNST & ERNST
AUDITS AND SYSTEMS
BANK EXAMINATIONS
DALLAS
Busch Building
HOUSTON
Union Nat'l Bank Building
NEW YORK
CHICAGO
BOSTON
ST. LOUIS CLEVELAND CINCINNATI PITTSBURGH DETROIT

Sanders, C. T., Cashier, Sealy Natl.....Sealy
Sanders, Miss Elise, De Kalb Exch. Bk.....De Kalb
Sanders, P. L., Manager, Hotel Galvez.....Galveston
Sanders, Mrs. W. D., De Kalb.....De Kalb
Sargent, Rev. C. S......Marshall
Sasser, A. F., Charlotte State.....Charlotte
Sasser, W. S., and daughter, Cash., Charlotte State ..... Charlotte
Schuech, D. W., Rosenberg State.....Rosenberg
Schneider, L. J., Cashier, Amer. Natl.....Austin
Schroeder, Henry, Cashier, Peoples Bank.....Galveston
Schulze, H. L., Cashier, First Guar. State.....Industry
Schwartzbach, A. T., Cash., South Tex. State....Galveston
Salyer, J. B., President, Weir State.....Weir
Schuler, Chas. B., Asst. Cash., Citizens Natl.....Waco
Scott, Mrs. G. R., Corpus Christi Natl.....Corpus Christi
Sealy, John, Pres., Hutchings, Sealy & Co.....Galveston
Seckel, Albert, Asst. Cashier, Union Trust Co.....Chicago
Shaw, R. W., Vice Pres., Clarke & Courts.....Galveston
Shelton, J. D., and wife, Cash., Guaranty State.....Tyler
Shepherd, R. E., and wife, Asst. Cash., City Natl. .....Wichita Falls
Sherwood, A. B., Cashier, Western Natl.....San Angelo
Shield, Leon, and wife, Cashier, Coleman Natl.....Coleman
Shytles, J. T., and wife, Director, F. & M. Natl.....Venus
Siddons, R. F., Cashier, First State.....Hillsboro
Simmons, Lee, V. P., Amer. Bk. & Tr. Co.....Sherman
Simpson, A. Dee, Rep., Natl. Bank of Comm.....Houston
Skelton, Mrs. N. P......St. Jo
Skinner, Wm. C., Cash, Adoue & Lobit.....Galveston
Smallwood, W. L., and wife, Pres., Texas State..Ft. Worth
Smith, Frank, Teller, Am. Bk. & Tr. Co.....Galveston
Smith, Howell E., Pres., Texas Bankers Assn...McKinney
Smith, Hugh C., President, First State.....Killeen
Smith, J. A., Cashier, First Natl.....Paris
Smith, J. S., Cashier, Lockhart Natl.....Lockhart
Smith, Oxsheer, and wife, Pres., Citizens Natl.....Cameron
Smyth, Earl B., and wife, Cash., First Natl.....Mart
Snider, C. W., Cashier, City Natl.....Wichita Falls
Sory, A. D., Stockholder, Guaranty State.....San Antonio
Spikes, H. L., Cash., First State.....Chandler
Sprangue, Wm. F., and wife, Guaranty State..San Antonio
Squires, L. H., State Bank Examiner.....Austin
Stevens, W. O., President, First State.....Post
Stevenson, T. S., Cash., First Natl.....Silverton
Stockard, W. R., Former Cash., Novice State.....Novice
Stockton, W. T., Pres., First Natl.....Kerens
Stockton, Will, Cashier, Third Natl.....Plainview
Strange, Chas, Director, First State.....Bangs
Sublett, F. B., Cashier, Stone Fort Natl.....Nacogdoches
Sweeney, A. E., Cash., First Natl.....Ladonia
Sweet, C. G., Vice Pres., South Tex. State.....Galveston
Swift, J. D., Cash., Guaranty State.....Hedley

Talbot, H. C., Rep., Geo. D. Barnard Stationery Co., St. Louis .....Houston
Talbot, Will H., Asst. Cash., Coggin Natl.....Brownwood
Talley, Lynn P., Cash., Fed. Reserve Bank.....Dallas
Tansey, M. L., Cash., First State.....Smithville
Taylor, Albert, and wife, Cashier, Lipscomb Bk. & Tr. Co. ..... Luling
Taylor, Paul G., Asst. Cash., Federal Reserve.....Dallas
Templin, Geo. H., Asst. Cash., Citizens Guar. St.....Manor
Tenison, E. O., President, Tenison Natl.....Dallas
Tennant, Ernest R., Cash., Dallas Tr. & Sav.....Dallas
Terry, C. R., and wife, V. P., Corsicana Natl...Corsicana
Thielen, Miss M......Galveston
Thomas, J. H., Cash, Guaranty State.....Gause
Thomas, W. B., Cashier, First Natl.....Rogers
Thompson, J. A., and wife, Pres., Corsicana Natl..Corsicana
Thompson, M., Pres., First Natl.....Bay City
Thornton, Alice, Tex. Bankers Assn.....Dallas
Thornton, Annie .....Dallas
Tiller, F. L., Lipscomb B. & T. Co.....Luling
Tippen, W. W., and wife, Cash, First State.....Mullin
Tips, Chas. E., Pres., First Natl.....Seguin
Tilton, McLane, Southern Rep., Chemical Natl. Bk. .....New York
Tipton, T. L., and wife, Pres., First Natl.....Troupe
Traylor, M. A., Pres., Livestock Ex. Bk.....Chicago
Trigg, E. D., and wife, Cash., Guar. State.....Texarkana
Turnbull, Henry P., V. Pres., Hanover Natl.....New York
Tynes, Walter, Vice Pres., First Natl.....Mabank

Ufffy, M. S. .....Galveston

Vahrenkamp, F. C., Asst. Cash., First State.....McGregor
Vance, S. H., Cashier, First Natl.....Linden
Vaughan, G. C. E., President, Farmers State.....Waelder
Villaret, Paul G., Asst. Cashier, Central Trust Co. .....San Antonio
Viser, J. E., Cashier, Farmers State.....Madisonville
Voiers, G. W., and wife, Auditor, Federal Land Bank ..... Houston
Voygt, Robert, President, New Ulm State.....New Ulm

Waggoner, D. E., President, Security Natl.....Dallas
Ward, John C., President, First Natl.....Beaumont
Ward, W. L., Asst. Cashier, Interstate Bk. & Tr. .....New Orleans
Warden, Henry W., Asst. Cash., Collins Co. Natl. ..... McKinney
Walker, E. D., Vice President, F. & M. State.....Ballinger
Walker, R. M., President, First Natl.....Cooper
Walton, P. G., Vice Pres., New England Natl...Kansas City
Walton, T. O., A. & M. College.....College Station

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M. M. GRAVES COMPANY, *Inc.*

CAPITAL AND SURPLUS, $250,000.00

Cotton Seed Products
HULLS, CAKE, MEAL

M. M. GRAVES, President
Also
Vice-President of
THE HOUSTON NATIONAL EXCHANGE BANK

Dealers in BAGGING AND TIES

STANDARD BRANDS

SUGAR BAGGING

"Sugar" and "Saxet" Brands, Straight and Mixed Cars with ARROW TIES

Quality Goods **Correspondence Invited** **Efficient Service**

HOUSTON, TEXAS

Watkins, H. E., Guaranty State.....Houston
Weaver, B., Cashier, First Natl.....Santa Anna
Webb, B. R., Vice Pres., Guar. State.....San Antonio
Webb, George E., and wife, President, First Natl. .....San Angelo
Weldon, W. E., President, First Natl.....Ladonia
Wessendorff, T. A., and wife and daughter, Cashier, J. H. P. Davis & Co.....Richmond
Whaley, W. S., Act. Vice Pres., Home Natl.....Cleburne
White, B. E., and wife, V. Pres., White & Co.....Lancaster
Whiteley, R., Cash., First Guar. State.....Walnut Springs
Wharton, Lang, and wife, Cashier, City Natl.....Dallas
Wilhide, Chas., and wife .....Dallas
Wilkerson, Albert W., Cashier, City Natl.....Bryan
Wilkes, L. T., Cashier, First Natl.....Smithville
Wilkins, H. M., Cashier, St. Bk. & Tr. Co.....Houston
Wilkin, Jos., President, Merchants State....Oklahoma City
Williams, M. W., and wife and daughters, Rep., The Amer. Bankers Assn.....Houston
Williams, Neil, Asst. Cashier, First State.....Bonham
Williams, P. D., Vice President, State Natl.....Corsicana
Williams, W. A., State Bank Examiner.....San Antonio
Williamson, C. E., Cash., Beeville Bk. & Tr. Co...Beeville
Wilson, J. R., Director, First Natl.....Thornton
Wolverton, Miss Aetna, First Natl.....Mart
Wood, W. R., Vice President, Amer. Natl.....Paris
Woods, J. R., National Bank Examiner.....El Paso
Woodson, A. R., Cashier, Conroe State.....Conroe
Woodson, W. W., and wife, Vice Pres., First Natl...Waco
Woodward, J. V., Burroughs Adding Mach Co...Shreveport
Wright, J. S., Cashier, Blessing State.....Blessing
Wright, W. C., Cashier, First Guaranty State..Valley View
Wroe, H. A., Vice Pres., Amer. Natl.....Austin

Yates, E. Q., Gen. Rep., Interstate B. & T. Co. .....New Orleans

Zimmerman, H. S., Asst. Cashier, Mellon Natl...Pittsburgh

The Houston National Exchange Bank

Strong in Reserve Always Ready to Serve

Officers

HENRY S. FOX, Jr., ... President
M. M. GRAVES, ... Vice President
M. P. GEISELMAN, ... Vice President
J. C. CHIDSEY, ... Active Vice President
WM. S. PATTON, . Active Vice President and Cashier
MELVIN ROUFF, ... Assistant Cashier
T. M. McDONALD, ... Assistant Cashier
L. D. HARMES, ... Assistant Cashier
D. D. KRAHL, ... Assistant Cashier

HOUSTON

An institution that has always met every legitimate request for accomodations;

An institution that fully appreciates the proper relationship of a customer;

An institution that is a reserve correspondent in the full sense of the word;

An institution that can offer an interior bank a transit arrangement that will increase their undivided profit account.

The above facts prove why over 8,000 customers understand and appreciate a service that is an asset not to be valued in dollars.

Resources $13,000,000

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Report of Secretary and Treasurer

TO MEMBERS of the Texas Bankers Association: Below is respectfully set down a brief account of the more intensive activities which have occupied the time and attention of your secretary's office during the last twelve months. The secretary's statement should be brief, dealing more in figures and statistics, leaving the outline of the ambitious policies and accomplishments of the year's work to the report of our meritorious president, Mr. Smith. It has been an extraordinary year for abnormal amounts of matters to be attended. Mr. Smith himself admits that he could scarcely have picked a "busier little year" to serve you as President.

Membership.

Banks on the membership roll of our Association now total 1548, which is the high water mark in the history of the association; the 1500 total was passed last year. Statistical figures on our membership may be set down as follows:

Members May 1, 1917	1502
Lost through liquidation and consolidation	7
	1495
Gained during year	53
Members May 1, 1918	1548

It is pleasing indeed to us to note this substantial gain in membership during the past year. There are still half a hundred banks in the state on the non-member list, for the most part, small private institutions, situated in remote districts. However, if these banks are continually solicited it is hoped the work of gaining in members, will continue throughout the coming year until our association can boast a unanimous state.

For the first time in the history of the Association, one district was able to report a unnaimous membership at the meeting of the executive committee. This was the first district, and the person to whom most praise is due is Paul G. Taylor, formerly assistant cashier of the South Texas Commercial National Bank of Houston, now assistant cashier of the Federal Reserve Bank, of Dallas. Mr. Taylor is chairman of the first district, his term of office expiring at the present convention.

Members of our association, totaling 1548, may be divided as follows:

	No.	Amount of dues.
State banks	794	$5,565.00
National banks	540	7,010.00
Private institutions	165	1,555.00
Associate members (out of state banks)	49	245.00

It will be seen state banks outnumber the national banks by more than 250, but the national banks contribute more to the support of the association because of the fact that the capitalization of the national banks have a much higher average and the dues of course are based upon the capital stock. A vast majority of the state banks are in the $5 class in amount of dues.

Texas Bankers Record.

The official magazine of our Association has continued to serve its purpose as an organ of service to members. Many evidences of popular approval of the editorial policy of the RECORD continue to come in, members more and more realizing that the RECORD is their own paper and its columns are theirs to use as they see fit. Many very helpful articles, and photographs, pertaining to war work have been published in the RECORD which will serve as a non-perishable historical resume of the great part Texas bankers have played in these strenuous times. The net earnings of the RECORD this year are $2,755.18.

Receipts from advertising and subscriptions	$6,933.73
Total disbursements are	4,178.55
Leaving net profit	$2,755.18

This is practically double the net profits of the RECORD as reported last year, because of the fact that the number of pages have been considerably reduced, and approximately $1500 has been saved in printing bills by various economies. It is hoped that throughout the coming year members will not forget the RECORD when any item of news comes to their notice. They must realize that unless they send in items, the RECORD has no way of knowing what is happening.

Protective Department.

Again, we are able to recount with much pride the record of our protective department in holding down bank robberies during the year. There has been only one bank robbery perpetrated upon a member bank. That was on the night of October 17, 1917, when a gang of Oklahoma yeggmen blew the vault of the First National Bank of Glen Rose. The bank's loss was fully protected by burglary insurance. In the fight that immediately followed the blowing of the bank, one of the robbers was injured so severely that he died the next day. Our protective department worked on this case continuously and finally succeeded in capturing the leader of the Oklahoma gang and having him brought back to Texas. This was a considerable feat, since no outlaw had ever been brought from that state to this for trial before. We feel that this was a great victory over the yeggmen bands that make Oklahoma their headquarters, as they realize now we can break down their fight against extradition. The man captured was a notorious criminal, wanted in several states on similar charges. Our protective department worked very earnestly in establishing a case against this man and we regret to say that the night before he was to come to trial he and fellow prisoners broke jail at Glen Rose and are still large at this writing. The report of our Detective Boyd will explain this case in detail. We consider it one of the most important catches our protective department has ever made.

The fact that there have been so few burglaries in the state among our members, when such states as Illinois, Missouri, and Oklahoma have suffered innumerable losses, is a great recommendation to our methods in keeping track of the bank crooks. Many states suffered an epidemic of bank robberies last year.

Check Frauds.

The list of check frauds seems to be holding its own in our state, if not increasing. A number or bogus check and forgery operations have occurred where our members have been losing various amounts during the past year. In fact our detective has been employed most of the time on check cases. It is earnestly suggested that banks be very careful in cashing checks, particularly for strangers and army people. A number of banks have been swindled by criminals posing as army officers. Do not be one of the bankers who is not careful until you have been defrauded. **Do not cash a check merely to accommodate some stranger.** It is not banking, and it is not guarding your depositors' money properly.

Group Meetings.

Of unusual interest this year were the seven different group meetings, held during the month of February, beginning on Feb. 12th in Dallas. Other meeting places were San Angelo, Austin, San Antonio, Houston, Waco and Fort Worth in the order named. The customary Pullman cars were operated from place to place to accommodate those who desired to attend all meetings. Of course the keynote of each of these meetings was the war and how each banker could help in winning the war.

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NATIONAL BANK OF COMMERCE
IN NEW YORK

President
JAMES S. ALEXANDER

Vice-Presidents
R. G. HUTCHINS, Jr.
HERBERT P. HOWELL
J. HOWARD ARDREY
STEVENSON E. WARD
JOHN E. ROVENSKY
FARIS R. RUSSELL
GUY EMERSON
LOUIS A. KEIDEL

Cashier
RICHARD W. SAUNDERS

Assistant Cashiers
A. J. OXENHAM
WILLIAM M. St. JOHN
A. F. MAXWELL
JOHN J. KEENAN
GASTON L. GHEGAN
A. F. BRODERICK
EVERETT E. RISLEY
H. P. BARRAND
H. W. SCHRADER
R. E. STACK
L. P. CHRISTENSON
E. A. SCHROEDER

Manager Foreign Department
FRANZ MEYER

CAPITAL, SURPLUS AND UNDIVIDED PROFITS
OVER $45,000,000

Things without a patriotic flavor or a wartime inclination received scant consideration at these meetings. The total attendance was 2,000. Special mention should be made of the Fort Worth meeting on Feb. 22nd, 615 persons having registered at this meeting. This is larger than the annual meeting in many states.

County Organizations.

Sixty-five counties in Texas have held meetings during the year and in most instances taken steps toward forming a permanent organization. These organizations in most instances were formed to facilitate the Liberty Loan, War Savings and Red Cross work, and in order that the bankers might present a solid front on all war activities. Indications are that these county organizations will continue, as much benefit has already resulted through these monthly county gatherings. The Association has fostered the organization of these county organizations, and expects to continue to encourage them.

Legislative Matters.

Our members have been called upon from time to time to write letters and send wires to their national congressmen pertaining to certain bills which have been before those bodies. Our own special session of the Legislature did not develop any radical lawmakers who desired to put the banks out of business. It seems the special session was so busily engaged with wartime matters the radicals overlooked the chance to introduce usury bills and proposed laws to correct what they think are present abuses in our financial life.

General Routine Matters.

The broader policies of the Association which were started several years ago have been continued and intensified from several angles during the year. The activities of the Association constantly increase. Naturally, different lines of energy appropriate to organizations of this character are many. Some of our work takes concrete

Government Bonds

An active market will at all times be available through us either for the purchase or sale of Government Bonds, all issues and denominations. Banks and Bankers are urged to advise us of their requirements.

NEUHAUS & CO.
HOUSTON, TEXAS
Stocks, Bonds, Collateral Notes, Real Estate Notes, Foreign Exchange
Members of the Houston Cotton Exchange and Texas Bankers Association

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and tangible form, and the results can be easily tabulated. Others of equal and perhaps greater significance, cannot be represented at all in figures or by any form of statistical statements. The social and educational benefits, for example, inestimable in measure, come through the well established system of our State and Group meetings, and we cannot put this down on paper.

During the year the secretary's office has sent out something like 75,000 pieces of mail to our members. This includes circulars on various subjects and bulletins of information and education. The real purpose of our organization is not one of sovereignty, but of service. In the nature of things, this service for the average member must for the most part be of a general kind. Most of this service cannot be put down on the profit and loss sheet, yet many members will gladly bear testimony to a service quite direct. For instance, a number of the smaller banks save enough on their yearly timelock ad vault inspection work to pay their dues. Many others have earned sufficient fees through the use of our "Decline Courteously" slips several times to overpay their dues. Others have saved on typewriters, some have saved on opinions received from our counsel, and many have gotten service of various sorts which they can actually count in dollars and cents.

General Expenses of the Association.

The expenses of the Association for the year are itemized as follows:

Expenditures for Record	$4,178.55
Protective Department	4,453.00
Traveling Expenses Officers T. B. A.	1,408.60
Expenses of El Paso Convention, Hotel, etc.	1,861.98
Miscellaneous Printing and Multigraphing	1,511.24
Salaries Secretary's Office	4,650.00
Telephone and Telegraph	504.95
Counsel Fees (legislative matters)	650.00
Pins for Past Presidents and A. B. A. Badges	520.16
Stamps, including postage on all circulars	447.90
Office rent, office supplies and express charges	510.52
Banker farmer subscriptions	262.25
Miscellaneous, including court stenographer bill for proceedings	271.47
Total	$21,230.62

Receipts in detail are shown in the Treasurer's Report on another page.

Words of Appreciation.

The year has been one of great interest and events for all of us. The work of our Association, under the progressive leadership of President Smith, has in every instance been inspiring work. Your secretary has been especially impressed with, and is grateful for the loyal support of all members in all things. He is deeply indebted to Treasurer Hart, members of the executive committee, members of the standing committees and other progressive bankers who have aided with their counsel, advice and suggestions at every turn. Officials of the Federal Reserve Bank of Dallas have been particularly cordial in their attitutde. All these men undoubtedly have the Association and its affairs deeply at heart, and prediction is made that nothing can swerve them in their intentions to do service.

Mr. Smith in his extended report before the Convention will call attention to a number of the ambitious policies which have prevailed during his administration.

The Death of a Former President.

It is with bowed head and vivid remembrances of a great life wondrously spent that we chronicle the death of J. E. Longmoor of Rockdale. He died Aug. 23, 1917.

Mr. Longmoor, a member of the older generation of bankers, was very active in the early days in the affairs of the Association. He was secretary of the Association for three consecutive years, 1892-3-4. In 1897 he was honored with the presidency of our organization, and his administration is marked by considerable illustriousness. He has friends in all sections of the state who mourned at his passing.

Team Work.

Just a little closing thought about team work. The Texas Bankers Association stands for team work. Its underlying principles rest upon the idea that concerted action gets bigger results than indivilual effort. Its membership comprises institutions whose officials are far-seeing, progressive banking men. Its foreword is co-operation and service. Factors that make up in largest measure for its every success, is its determination that hands joined with the other fellow will do the work.

The Everlastin' Teamwork.

It ain't the guns nor armament,
Nor funds that they can pay,
But the close co-operation that makes them win the day.
It ain't the individuals, nor the army as a whole,
But the everlastin' team work
Of every bloomin' soul.

Respectfully submitted,

W. A. Philpott

Treasurer's Report

Receipts

Balance received from former treas.	$ 7,377.96
Dues for 1918 for 1548 members	14,487.54
Receipts from Record	6,933.73
Tuition A. I. B. Students	564.00
	$29,363.26

Disbursements.

Vouchers paid 115 to 292 inclusive, Duly approved by President Smith and registered by Secretary Philpott	$21,230.62
Interest on note	14.75
	$21,245.37
Balance on hand	$ 8,162.82

HENRY M HART, Treasurer.

Galveston, May 14, 1918.

Detective's Report

Galveston, Texas, May 13, 1918.

To the Members of the Texas Bankers Association:

Gentlemen:

I beg to submit the following report to your convention as to the work that has been accomplished for the Association by my department for the years 1917-18.

Number of cases reported by members since the Convention at El Paso, in May, 19177	54
Forgery	21
Cases of Swindling	27
Cases of Theft	5
Cases of Burglary	1
The members have lost in money from the operation of these Swindlers and Burglars	$17,354.00
Losses on account of Swindlers	5,326.00
Losses on account of Forgeries	4,934.00
Losses on account of Theft Cases	6,300.00
Losses on account of Burglaries	750.00
The number of cases arrested by my Department:	
New Cases	20
Cases reported prior to May, 1917	8
	28
Stolen money recovered by my Department since May, 1917	$14,368.00

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BOSTON
NEW YORK
CHICAGO

Lee, Higginson & Company
INVESTMENT BANKERS

We are glad to furnish conservative and confidential advice, without charge to banks and other investors, regarding the actual values behind any market security.

Take pleasure in announcing to Texas customers and friends that Mr. John A. Lomax, formerly a member of the faculty of The University of Texas, is now associated with them, and will be located in their Chicago office.

The National Bank of the Republic
OF CHICAGO

OFFICERS

JOHN A. LYNCH, - - President
W. T. FENTON, 1st Vice-President & Mgr.
ROBT. M. McKINNEY, 2nd Vice-President
OSCAR H. SWAN, - - - Cashier
WM. B. LAVINIA, - - Ass't Cashier
THOS. D. ALLIN, - Ass't Cashier
LOUIS J. MEAHL, - Ass't Cashier
WM. C. FREEMAN, - Ass't Cashier
CHAS. S. MACFERRAN, Ass't Cashier

Capital and Surplus
$3,000,000

INVITES the accounts of responsible people, offering every facility consistent with legitimate commercial banking. : : :

MDCCCLXV :-: :-: :-: :-: MCMXVIII

FIFTY-THREE years—more than half a century—nearly the span of human life. It was in the spring of 1865, that the Kansas City Savings Association became a financial factor in the young "City by the Kaw." That city—now the "Heart of America"—still has the little association, now grown to be the combined

Southwest National Bank of Commerce — Commerce Trust Company

COMBINED RESOURCES, ONE HUNDRED MILLION

In the Commerce Building — KANSAS CITY

P. G. WALTON, Vice-President
F. T. CHILDS, Vice-President
J. F. DOWNING, President
G. G. MOORE, Cashier
P. M. MASTERS, Ass't Cashier

New England National Bank
KANSAS CITY, MISSOURI

CAITAL ONE MILLION DOLLARS

SURPLUS, $ 500,000

DEPOSITS, $20,000,000

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Of this amount, $2,848.00 has been recovered from people who have swindled members since May, 1917. I have recovered $11,520.00 that was secured by swindlers and thieves prior to May, 1917.

All the cases that have been reported to my department since May, 1917, are "amateurs," except two cases. One of these is a case of forgery by a bunch of professional confidence men, who were in Texas about a month. They came from Oklahoma and operated in Texas, then went back into Oklahoma. We have these parties indicted and will be able to catch them later, as we know who they are and have them well advertised. The other professional case is where a gang of five professional yeggmen came from Oklahoma and blew the vault door and attempted to blow the safe door of the First National Bank of Glen Rose, Texas. They secured from the vault $750.00 worth of Liberty Loan Bonds. They were unable to steal any money, because the nitroglycerine blew off the front legs of the safe, the safe fell over on its front, and the robbers were unable to turn it over. One yeggman was wounded in the fight in the town of Glen Rose and later died. I caught another of them in Oklahoma, and on account of being afraid of the evidence that I have in my case, I delivered him to the state officers of Missouri, where we knew he was wanted in connection with blowing a bank safe in Missouri. This party has been tried, convicted, and sentenced to the penitentiary for twenty years for the part he had taken in robbing the Missouri bank. I caught another one of these men in Oklahoma and after fighting extradition papers through all the courts in Oklahoma, I was able to bring him back to Texas and have him indicted in connection with the Gles Rose robbery. After everything was ready for trial and on the night before the case was called, the defendant broke jail. So far, we have been unable to catch him the second time. We have grand jury indictment in Texas against the other two men and know where they are. They will be arrested later.

A great many of the other cases that have been reported by members of the Association, and that have not been arrested, are cases where young men, either desert the Army and pass forged checks and go back into the Army, or where they first swindle banks by passing worthless or forged checks and then join the Army. I have located several of these young men in the Army, some of them are still in the United States, and others are in France, but I have not made any effort to get the Army Officers to deliver them to me, as I think that they can do more good fighting the Germans in France than they can by serving a term in the penitentiary of Texas Before the war we would have had this class of people delivered to us by the Army Officers, but now we have not made any effort to get them.

In the five theft cases mentioned above where the members lost about $5,600.00, the cause in one case was the bank employed the wrong porter. Our protective department is not responsible for these classes of criminals. We have the professionals well in hand. It is the part of the individual banks to guard against amateurs.

We know, from reports we get from other States, that Texas has less crime committed by the professional class of people than any other state in the United States, especially the yeggman and day-light robberies. You will note that we have not had a daylight robbery case reported this year, and have only had four in thirteen years. You will note that we have only had one burglary case reported this year and have only had four in the last four years. It has taken our department some time to convince professional yeggmen that blowing bank safes in Texas was not a financial success.

There have been several cases reported by members of the Association this year, as well as last year, and other years, that we have not had time to get to and investigate. As a rule, there are cases where the banks have lost small amounts of money, and, in some cases, the report shows that the party, if arrested, could not be convicted. A great many of this class of cases are where a party forges a man's name to a check, who lives out of the State, and others are cases where a party passes a check on a bank in Texas, drawn on a bank in a foreign state, where the party who cashes the check has no account and never did have one. In order to convict in either one of the above named cases, the Bankers Association would have to advance expense money and per diem of the witness to come from the foreign state to this state to testify, and it would have to be a voluntary action of the witness to come to this state to tesify. From our experience in handling this class of cases, it is nearly impossible to get a witness to come from a foreign state to this state to testify. So many of this class of cases I do not try to develop.

Another reason why we are not able for the want of time to investigate all of the small cases that are reported to us is that when we get a professional thief caught our policy is never to quit the case until the man is in the penitentiary. This is our first duty to suppress criminals of the professional class.

It requires from a month to three months time after a bank has been burglarized at night to find out who the parties are, to have them arrested, and to get evidence sufficient to secure a conviction. As a rule, these cases are very hard to prove, as the crime is committed at night and robbers never steal anything except money, which can never be identified.

In this connection, we would like to suggest that in my opinion the members of the Texas Bankers Association are paying too high a rate on burglary and hold-up insurance. The best data that we can get, in the last two years, the banks have paid to insurance companies, in the way of premiums, something like $400,000.00, and I know that they have only paid $8,750.00 in losses. In other words, it occurs to me that the Insurance Companies and not the members of the Texas Bankers Association, are getting the benefit of our work on this class of crime This is the third report that we have made and have called attention to this.

We wish to mention, in regard to the stolen money recovered, that $1.250.00 of this money was stolen in 1913 and $10,000.00 of it was stolen in 1916. This shows the members of the Association that we not only handle and look after new cases that are reported, but keep up and try to do something with the cases that have been reported in years past. All the money recovered this year is money that has been charged off. Of course, this money does not go into the Treasury of the Texas Bankers Association, but does go back into the vaults of banks who pay their dues, and if I do not mention this, it would not show up anywhere, as it would not show up in the Treasurer's report.

I do not think it is good policy for banks to allow their officials to go crooks bonds. I have had some trouble in regard to this, in fact, I do not think a bank that would allow their official to make this class of bond ought to be entitled to membership in the Association. I have had cases where officials of a bank would sign a professional yeggman's bond for a money consideration, and, of course, it is expected when the yeggman gets out he will go and try, and probably rob, some bank and get money to pay the bond off. In fact, I do not think that it is good policy for any honest tax-payer to make a man's bond for a money consideration. Of course, if a man can steal enough money between the time he is released from jail on bond and the time the case comes up for trial, he will pay the bond in cash and refuse to appear for trial, and then I have to go to the expense and trouble of catching him again, and maybe he will steal $20,000.00 in some way before I can get him, as he is mad at me for the part I have taken in causing his arrest. I mention this, as I think it is a very dangerous practice.

In my opinion, the Legislature of the State of Texas should be more liberal in the way of appropriating money for the purpose of suppressing crime, as I have always understood the first principle of taxation was the protection of life and property. It is impossible for me to get any money from the State Treasury to aid me in bringing a criminal back from a foreign state, only, sometimes, I can get 10c per mile from the state line to the county seat where the party is wanted. And, it is impossible for me to get any assistance from the state in bringing a witness from a foreign state to testify, except, sometimes, I can get the state to pay 3c per mile and $1.00 per day from the state line to the county seat where the defendant is being prosecuted. I mention this in order

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to explain why my department has been so expensive, as if I have a case where a bank has been swindled out of a considerable amount of money, or the cashier has been murdered in connection with the robbery, or if a bunch of professional yeggmen come to Texas and rob a bank that I am representing, I have always recommended, and got, money from the Treasury of the Association to bring witnesses from a foreign state to testify in the case, as before mentioned.

In my opinion, I have more cases to handle than I can handle as they should be handled, as I do not think that it does any good to get a clew without developing this clew and trying to do something with it. I mention this in further explaining why I am not prompt in getting to and investigating all the cases that are reported to me.

Respectfully submitted,
W. A. BOYD,
Detective for the Texas Bankers Association.

Texas Women Bankers Association

ORGANIZATION DISBANDED GALVESTON MAY 15

WOMEN IN THE BANKING WORLD

By Miss Leffler Corbitt, Note Teller, Austin National Bank, Austin,

O recent has been the advent of women into the world of banking that one treads in almost untried paths when attempting to forecast the future of this phase of the business evolution of our Country. It has been said that it is not knowing what will happen tomorrow that makes life interesting. Certainly it would take much of the stimulus from our labors if each of us knew just exactly what was ahead or what even one day would bring forth. It is the uncertainty of prophecy that fascinates us. But in the world of economics,—the dominion of production and distribution,—there are certain premises numbers of well defined symptoms and happenings that furnish a basis for deductions sufficiently clear and tangible to give them a place in our plan of business administration.

Women have already proven their efficiency in different lines of the banking business when the entrance of our Country into the world war necessitated a readjustment of our entire plan of existence. This is the first war in the history of the world in which women have participated more as a unit than as individuals. They have organized to further the demands and interests of their country. It is an inspiring sight to view the millions of American women banded together as never before to back up their Government in its alliance for the cause of civilization. In the past, women have given freely of their spiritual and moral forces, but in the present crisis they have supplemented these qualities with concrete, tangible endeavors. There is a solidarity about our patriotism that we have never realized up to this time.

I have not heard this idea more beautifully expressed, nor the sentiment more potently emphasized than on the occasion of the making of the immense service flag which tells all who view it of the seventeen hundred splendid young men that the University of Texas has furnished, and when I say the University of Texas, I mean the Medical Branch here at Galveston, too, for we all recognize that the Doctors and Nurses and Pharmacists were among

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the first to go. The flag was made by the University girls and the women of the Faculty. One of the girls said to a friend of mine: "I sewed on a star for every man I knew in the service, and then I sewed on some more stars for those who perhaps didn't have any one here to remember them." That is the feeling that pervades every phase of women's work in this war. Because a women has a son in the ranks, she wants to do as much as possible for the sons of other mothers. And the woman who has no son to give feels that she must make a greater effort in order to offset the lack of the more sacred sacrifice. No longer do we limit our efforts in providing food and garments for our own families, but we co-operate in the general scheme that there may be food and clothing for millions we have never seen. It is the wider vision that is crystallizing us into greater efficiency as a Nation and which will, in the end, make us victorious.

A recent tangible demonstration of the effectiveness with which women are united was the Third Liberty Loan campaign. This was conspicuously a campaign of women workers as well as women buyers. The most encouraging stimulus to united effort on the part of Texas women was given by our farseeing executive, Governor Hobby, when he let down the bars of conventional political limitations so that this summer the women of Texas will realize for the first time their long cherished dream of helping to select the men who shall administer the destinies of our great State. We do not yet appreciate our great debt to Governor Hobby nor will we be fully aware of the importance of this newly acquired responsibility until we test it out and see from results that at last women have "come into their own."

The future for women in banking is not wholly unlike the future for women in other lines of business. Everywhere they are entering untried fields. They are falling in line in the ranks of labor that they may release men for the ranks at the front. It is a wonderful thing to know that we are helping to win this war for civilization just as surely as if we had a place in the trenches. Women are making good, too, in numerous lines of industry that had heretofore been considered strictly man's province. The women of this Country are just beginning to put into practice what the women of England, France and other European countries in the war have been doing since their entrance into the conflict. The thought of a woman officer or employee in the Bank of England would have been laughed at a few years ago. Today there are hundreds of women on the pay roll with the list increasing from week to week. Thus have conventialities been broken down, traditions shattered, and through it all women have proved they are made of the stuff that wins wars as they set their hearts steadfastly to the task at hand.

To the woman in business today there comes a wonderful responsibility no less than opportunity. If the doors of the banks are to open wider to the ranks of women workers, the women themselves must establish the limits of the wisdom or fallacy of this step. The future holds no surer promise than the "survival of the fittest." Not only during the progress of the war but after it is ended, will efficiency be the supreme test. To those of us who have been pioneers in the fascinating world of finance, there comes the privilege as well as the responsibility of pioneers. We have blazed the way, it is true, but we have had the privilege of gaining our experience in normal times. There will be unlimited opportunities for us to lend a hand to those who enter the field at a less auspicious time. In the feverish excitement of pouring out all our resources to help bring victory to civilization's banner, we must not lose sight of conserving our energies so that we, as individuals will be worthy and effective parts of the great whole. We must emphasize the necessity of preserving our health, broadening our mental resources, administering our kindly sympathies, and, above all, keeping alive our sense of humor in these grim times. If women sacrifice any of these things, it will be a sorry place for our heroes when they come back to us after their work is done.

If I were asked to outline a plan of procedure for the woman about to take up banking as a profession, I

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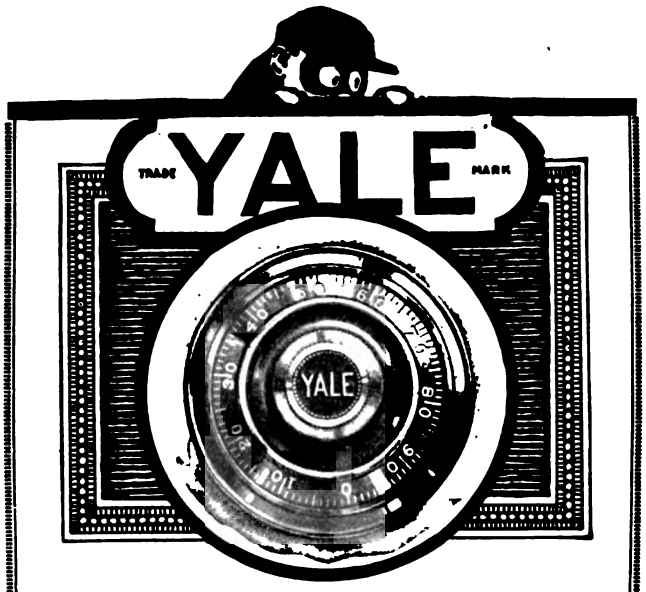
should say, begin at the beginning and study the business from its minutest detail on up to the most intricate problem in finance. If a woman goes into a bank in a minor capacity, this does not mean that she should be satisfied to remain there. By careful study and diligent application, she will as surely be in line for advancement as in any other field, and I say in all sincerity that I do not believe there will be any limits set to her final attainments. If a woman is qualified to hold an important office in a bank, there is no reason why she should not aspire to such a place when opportunity offers. The fact that she is a woman should not deter her from being ambitious.

In this present crisis, with its inevitable readjustment, I am reminded of Arnold Bennett's quaint little book, "How to Live on Twenty-four Hours a Day." It seems to me that might be called the keynote. It isn't what we will do tomorrow to help solve our country's problems, but what we are doing today. Quite as a matter of fact we have eliminated procrastination. Who would dare to say, "Tomorrow I will put my shoulder to the wheel." And it behooves us to give freely of that with which we have been blessed. Some have more of health or talent than others, but we all have twenty-four hours today. It is today that counts. When we awake to the full realization of this fact, we assure for ourselves a larger measure of service and success, for, after all, it is out of the present that the future is fashioned.

WANTED—Position as Cashier or Assistant Cashier of a good bank in a live progressive town, am now employed as Assistant Cashier of a country bank, have had five years banking experience. Box No. ABC, Texas Bankers Record.

WANTED—Position in bank by single man 34 years old, nine years general banking experience, now employed. Reason for change. A1 references. Address Box XYZ, Texas Bankers Record.



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Important Conference on Cotton Situation

The bankers of Texas are determined to stand by the cotton producer this fall, with sufficient financial strength to enable the farmer to hold his cotton in case it is necessary, rather than sell at a sacrifice. Texas Bankers believe that if our financial and commercial structure is to be maintained properly during these war times, and if we of the South are to continue properly to aid the government in every way, it will be necessary for cotton to sell at 25c a pound this fall. There has been a prediction on the part of some experts which tends to show that inadequate transportation and marketing facilities, coupled with the usual irregularities of the war period, may tend to cause a shrinkage in cotton values this Fall. With these thoughts in mind, leading bankers of Texas are becoming active and are asking the co-operation of all the other southern states.

The special Cotton Committee to consider problems of transportation, financing and warehousing that may arise in connection with the handling of the coming cotton crop was recently appointed by President Woodson of the Texas Bankers Association. This committee held an important meeting in Dallas on June 13, and the following prominent Texas bankers were present:

Howell E. Smith, cashier First Natl. Bank, McKinney, chairman; F. M. Law, vice-president First Natl. Bank, Houston; Warren P. Andrews, cashier First Natl. Bank, Ft. Worth; I. H. Kempner, president Texas Bank & Trust Co., Galveston; A. M. Graves, cashier Red River Natl. Bank, Clarksville; E. O. Tenison, president Tenison Natl. Bank, Dallas; ex-officio members Lynn P. Talley, cashier Federal Reserve Bank, Dallas and W. W. Woodson, vice-president First Natl. Bank, Waco; and those invited to participate, Judge W. F. Ramsey, Federal Reserve Agent, 11th District; Nathan Adams, vice-president American Exchange Natl. Bank, Dallas; J. A. Thompson, president Corsicana Natl. Bank; and S. W. King, cotton factor, Dallas.

This conference authorized the following statement:

"It is our opinion that thorough co-operation between the cotton producers, bankers, and transportation agencies is urgently desirable and necessary to insure to the cotton producers stable and adequate values for his product, to the end that the South may be privileged to continue to respond to the patriotic needs and requirements of our Country.

"For the purpose of discussing the situation and arriving at a working plan of united action to be undertaken by the cotton producer, the banker and the transportation agency, this committee recommends a general conference to be held in New Orleans on July 5th, 1918. The Committee further recommends that the Texas Bankers Association urgently invite the banking associations of all cotton producing states to send to this Conference representative cotton producers and bankers, say ten to twenty from each state. Also, that the agricultural commissioners of each state be urged to be present.

"This Committee suggests that the New Orleans conference develop a strong committee, with representatives from each State, to present before the proper authorities in Washington the following points: to the transportation officials, the urgent need of adequate transportation for cotton both to domestic and foreign mills; to financial authorities, the urgent need of adequate support from the Federal Reserve System and from banking resources generally; and to the Department of Agriculture the importance of proper warehousing and use of warehouse receipts, the need of a wise and conservative marketing system, to the end that cotton may be marketed to supply the demands of our country and our allies instead of being dumped on the market within such a limited time as to unduly tax all transportation and banking facilities, with consequent unnecessary shrinkage in values.

"This Committee further feels this is an economic and patriotic movement, in no sense partisan, and we therefore urge the different southern bankers associations to send to the New Orleans conference men of large vision, versed in practical economic needs of the South—men of sufficient patriotism to serve further our common cause especially to present properly and fairly the various phases of the matter to the authorities in Washington, and later to assist in carrying out the recommendations of these conferences in their respective communities and states."

A telegram embodying the above sense was sent to the president of the Bankers Associations in the following cotton growing states by President Woodsow: Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, Oklahoma, Tenessee, and South Carolina, urging that these associations co-operate in sending delegates to New Orleans, June 5.

EXECUTIVE COMMITTEE OF THE ASSOCIATION MEETS.

Members of the Executive Committee of the Texas Bankers Association met at the call of President Woodson on May 30th in Waco, the session being held in the Raleigh Hotel. The following were present:

W. W. Woodson, President and chairman of the Committee.

Howell E. Smith, McKinney, past-president.

John Q. McAdams, of Winters, treasurer of the Association.

M. C. Driscoll, Yoakum, chairman of the Second District.

W. H. Rivers, Elgin, chairman of the Third District.

G. W. Glass, Marlin, chairman of the Fourth District.

Elam Dudley, Ozona, chairman of the Sixth District.

Guinn Williams, Decatur, chairman of Seventh District.

W. A. Philpott Jr., secretary of the Association.

Only two members of the committee were absent, as follows:

Jas A. Smith, Paris, chairman Fifth District.

H. W. Gardner, Beaumont, chairman First District.

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R. F. GRIBBLE, . Active Vice President
W. W. WOODSON, Active Vice President
KARL H. SHERMAN, Assistant Cashier
R. W. JABLONOWSKI, . . . Auditor

RESOURCES

Loans and Discounts	$2,268,746.62
Bills of Exchange	600,541.51
Real Estate	74,355.17
U. S. Bonds	600,000.00
Bonds, Securities, etc	212,831.25
Federal Reserve Stock and Other Stocks	27,300.00
Liberty Bonds, Certs. and Thrift Stamps	815,457.96
Furniture and Fixtures	28,341.94
Redemption Fund	30,000.00
CASH AND EXCHANGE	1,473,348.07
	$6,130,922.52

Condensed Statement
MAY 10, 1918

LIABILITIES

Capital	$600,000.00
Surplus	150,000.00
Undivided Profits	57,414.54
Circulation	680,000.00
Bills Payable and Rediscounts	309,000.00
DEPOSITS	4,414,507.98
	$6,130,922.52

The dates of the Thirty-fifth Annual Convention, to be held in Galveston in 1919, were set as Tuesday, Wednesday and Thursday, May 20, 21 and 22, 1919. These dates subject to the approval and convenience of the Galveston bankers.

Dates for the seven district meetings were set for February, 1919, ending up on February 22 in the 7th District. The dates for the other districts will be tentatively set from the Secretary's office, subject to the approval of each individual chairman.

Standing committees were named for the year 1918-19. President Woodson announced the chairman of each committee, and each executive committeeman named a banker from his own district on each of the committees. The following are the chairmen of the standing committees:

Committee on Constitution and By-Laws, Earl B. Smyth, Mart.

Committee on Resolutions, Tom Rodgers of Denison.

Committee on Legislation, Dr. E. P. Wilmot, Austin.

Committee on Legislation pertaining to State Banks, Ed Hall, Bryan.

Committee on Warehouses, J. A. Kemp, Wichita Falls.

Agricultural Committee, Chas H. Flato of Kingsville.

Educational Committee, Stuart D. Beckley, Dallas.

Finance and Auditing Committee, DeWitt C. Dunn, Houston.

The special committees included a committee on Blue Sky law amendments in Texas, with Judge Ramsey of Dallas as chairman. A special cotton committee to investigate and make recommendations regarding the serious shortage in boats for the shipping of cotton was appointed by authority of the resolution passed at the general convention in Galveston. Howell E. Smith of McKinney w. named chairman of this committee, the other members being F. M. Law, Houston; J. Dabney Day, Dallas; Warren P. Andrews, Fort Worth; I. H. Kempner, Galveston; Morgan Graves, Clarksville; E. O. Tenison, Dallas. Ex-office members, Lynn P. Talley, and W. W. Woodson.

The matter of the new State bank section, created at Galveston, was discussed informally. President Woodson announced that he would call the administrative council of this section soon, and leave the matter of government in their own hands. The matter of program of this section and final approval by the executive committee of this section's rules and regulation was left until the spring meeting of the Committee of the Association.

W. A. Philpott, Jr., of Dallas was re-elected secretary for the year 1918-19.

W. A. Boyd of Waco was re-appointed chief detective of the protective work which the Association carries on.

A telegram to Jas A. Smith, chairman of the Fifth District, expressing condolence and words of sympathy at the death of his mother on May 29th, was authorized by the committee, and was send by President Woodson.

The meeting adjourned at 1 o'clock and enjoyed luncheon together. After luncheon, members of the committee were guests of Mr. Woodson on an automobile ride through the Waco army camps and flying schools.

ONE WAY OF HELPING THE FARMER.

John Q. McAdams, besides being treasurer of the Texas Bankers Association, is a banker with the interest of his farmer friends thoroughly at heart. He announces good rains have fallen in his section of the country and things are very active, and in the right direction. He announces that the business men of Winters, including bankers, are chopping cotton with the farmers each afternoon after six o'clock, the proceeds of their work being donated to the Red Cross. This Winters banker points out that there are three big things to this work:

First, the business men need the exercise. Second, the farmers need the work done. Third, the Red Cross needs the money.

NEW CASHIER FOR CUERO BANK.

Cuero.—C. A. Glass of Houston, for a number of years with the Austin National Bank, is the new cashier of the First State Bank & Trust Co of Cuero, succeeding Clement P. Sumners, who is in the army.

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OFFICIAL ORGAN
TEXAS BANKERS ASSOCIATION

A GENERAL REVIEW OF THE INDUSTRIAL DEVELOPMENT AND BANKING NEWS OF TEXAS.

PUBLISHED MONTHLY BY THE TEXAS BANKERS' ASSOCIATION, 1108 BUSCH BUILDING, DALLAS, TEXAS

Subscription Price, Per Year.....$2.00

WILLIAM A. PHILPOTT, JR., Editor

Entered as second-class matter July 27, 1915, at the post office at Dallas, Texas, under the Act of March 3, 1879.

ADVERTISING RATES ON APPLICATION

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W. W. WOODSON, President, Waco
Wm. A. PHILPOTT, Jr., Secretary, Dallas
JOHN Q. McADAMS, Treasurer, Winters

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M. C. DRISCOLL, Yoakum.....District No. 2
W. H. RIVERS, Jr., Elgin.....District No. 3
G. W. GLASS, Marlin.....District No. 4
JAS. A. SMITH, Paris.....District No. 5
ELAM DUDLEY, Ozona.....District No. 6
GUINN WILLIAMS, Decatur.....District No. 7

HOWELL E. SMITH, Past President, McKinney, Member for One Year

Volume 7. June, 1918. Number 10.

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THROUGH our Department of Banks and Bankers, we offer out-of-town institutions a service of broad scope.

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Capital and Surplus - - $50,000,000
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GUARANTEED NATIONAL BANK DEPOSITS

Senate Bill No. 4426, introduced by Senator Shaforth, providing for the guaranty of certain deposits in National Banks, has been reported favorably by the Committee on Banking and Currency of the Senate. It is now on the calendar and may come up for consideration in the Senate at any time. A large majority of National Bankers of the United States have opposed the principle of guaranty of deposits. At the meetings of its executive Council in Hot Sphings on May 10th, the American Bankers Association adopted a very strong resolution, which is given below.

If you have not already done so, it is urged that you immediately communicate with your Senators and Congressman, urging them to oppose Senate Bill No. 4426, giving in your communications the strongest arguments that you can make against the principle of guaranteed deposits.

The taxation of the sound and conservatively managed national banks, which have the overwhelming majority, for the benefit of the depositors of the very few which are unsound and recklessly managed, it is generally considered unjust and inequitable for many reasons.

The bill proposes that the government of the United States guaranty all deposits in national banks of $5,000 and less, and that the government guaranty up to $5,000 in all deposits in excess of that amount; of course this guaranty is to be made good at the expense of the conservatively managed and successful banks.

Should such a proposition be enacted into law, any national bank, however inexperienced its official managers; however limited its capital and resources compared to the field of its activities; however given to risky adventure; however venturesome in buying deposits by paying excessive rates of interest; however wanting in the proven qualities which time and experience have shown to be indispensable to successful bank management, such a bank would nevertheless, be able to solicit business, truthfully claiming that their deposits were protected, as above stated, by the combined financial strength of the whole national system. Good banks would thus be compelled to give of their strength to induce the creation of and then to support incompetent rivals.

Such a proposition is in violation of common justice and common fairness. The stockholders in a bank in one locality would be mulcted in loss to compensate for the mismanagement of banks hundreds or even thousands of miles distant and over which no mutual control or relationship exists.

Our people should be allowed to exercise wholesome discrimination in the banks they select, as well as in their business activities in general. Individuality and individual initiative are cardinal qualites of success, and these qualities would be impaired if people are to be taught by legislation to rely upon the government to help them in their ordinary individual transactions and in the exercise of ordinary judgment.

The said bill is wrong in principle; it imposes an unjust burden upon conservative bank management, and would exercise a deleterious infulence upon every community, should it become law.

The following resolution was passed by the Executive Council of the American Bankers Association:

Whereae, this correspondence was presented before the Spring Meeting of the Executive Council of the American Bankers Association assembled at Hot Springs, Ark., at which there were in attendance representatives selected by the members of The American Bankers Association who are members of State Bankers Associations of all of the States of the Nation, who in such capacity form the governing body of the American Bankers Association, which today has a membership of 18,140 banks.

Now, therefore, be it resolved, that the Executive Council endorses and confirms the action taken by President Hinsch in authorizing the vigorous opposition to the principle of guaranty of bank deposits, as being unsound because it requires that banking institutions conducted on sound business principles should be taxed to provide a fund to pay losses resulting from unsound management, which it is the duty of the Comptroller of the Currency, through his examiners, to prevent.

We further believe that this action is particularly unwise at this time, when bankers are given every support to the Administration in all its efforts to promote the fin-

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W. A. WEBB, Chief Operating Officer M. K. & T. Lines

ancial welfare of the United States, and have willingly used every effort to assist the Government in the flotation of the past three Liberty Loans, and other sound financial measures, and will continue this policy to the limit of their resources and ability.

And be it further resolved, that a copy of this resolution be sent to the Hon. John Skelton Williams, Comptroller of the Currency, to the Hon. W. G. McAdoo, Secretary of the Treasury, to Hon. W. P. G. Harding, Governor of the Federal Reserve Board, and to the Chairman of the Banking and Currency Committee of the Senate and House of Representatives.

Whereas, Mr. C. A. Hinsch, President of the American Bankers Association, received on May 8th a telegram from the Hon. John Skelton Williams, Comptroller of the Currency, asking for the authority under which the Secretary of the National Bank Section recently sent telegrams urging bankers to protest against the provision of Senate Bill No. S. 4426 providing for guaranty of National Bank deposits which was replied to at once by President Hinsch, stating that The American Bankers Association has for years opposed the principle of Guaranty of Deposits Legislation, and that the telegrams referred to were properly authorized by the Committee on Federal Legislation of this Association.

EL PASO BRANCH TO OPEN.

Elaborately engraved invitations are out, announcing the opening of the El Paso Branch of the Federal Reserve Bank of Dallas on June 17th. Present at this opening will be the officers of the Dallas Bank, and the officers and directors of the El Paso Branch. The El Paso Clearing House Association sent out the invitations under the official sanction of Sam R. Lawder, Manager of the El Paso Branch. A. F. Kerr, president of the El Paso Clearing House Association has charge of the general arrangements of the opening. The El Paso Chamber of Commerce will entertain the officers at the Paso Del Norte Hotel on the evening of the 17th at 8 o'clock. It is expected that a large number of banks which will be served by the El Paso Branch will be represented at the opening exercises.

ELECTION OF A. B. A. OFFICERS FROM TEXAS

On May 14th members of the American Bankers Association met in session in Galveston, and made the following selections:

Member of Executive Committee to succeed Ewing Norwood of Navosota: Albert Wilkerson, cashier City National Bank, Bryan, Texas.

For member of the Council in case Texas secures a sufficient number of members to entitle it to a fourth councilman, P. B. Doty, active vice-president, Gulf National Bank, Beaumont.

Vice-President for Texas, J. Dabney Day, vice-president City National Bank, Dallas.

Member of Nominating Committee, Thomas F. Rodgers, President Denison Bank & Trust Co., Denison.

Alternate on Nominiating Committee, J. A. Pondrom, vice-president, South Texas Commercial Bank, Houston.

Vice-president for Texas, Trust Company Section, P. A. Murray, cashier, Levi Trust Co., Victoria.

Vice-president Savings Bank Section, John R. Haven, cashier First State Bank, Denison.

Vice-president National Bank Section, L. D. Amsler, vice-president and cashier Farmers National Bank, Hempstead.

Vice-president State Bank Section, B. F. Berkeley, president Alpine State Bank, Alpine.

The prestige gained through your bank account is governed by the character of the bank upon which you draw your checks.

More than half a century of successful banking shows Third National service is satisfactory.

Broadway NATIONAL BANK 3rd OF ST. LOUIS and Olive

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Elements of Safety in "A.B.A." Cheques

SECOND:

Countersignature of the purchaser. While every purchaser of "A.B.A." Cheques should sign each of his Cheques at the bank when he gets them, he should not countersign any cheque until he presents it in payment or to be cashed. If the countersignature corresponds with the signature, anyone is protected in accepting an "A.B.A." Cheque, provided the countersignature has been written in his presence. If through error a countersignature has been affixed before presentation, the acceptor should insist on having the presentor of the Cheque write his signature on a separate piece of paper for comparison with the signature and countersignature on the Cheque.

Countersign here in the presence of the acceptor.

BANKERS TRUST COMPANY

Member Federal Reserve System
Agent for issuance of

AMERICAN BANKERS ASSOCIATION TRAVELERS' CHEQUES

Immediately following the address of President Hinsch before the Convention, new members to the American Bankers Association were received to the number of fifty-four. This entitles Mr. Doty to a place on the Executive Council at the Chicago meeting in September. Mr. Doty makes the fourth man that Texas now has on the Big Council.

SUPERLATIVELY PATRIOTIC.

There are a number of banks in Texas whose officers are displaying patriotism to the superlative degree. Whit George, president of the Farmers State Bank of Italy, announces that his directors on June 4th declared the regular semi-annual dividend of 10 per cent, payable July 1st in Liberty Bonds. Mr. George says this scheme works very successfully, as it gives the stockholders an invested dividend they can keep ten years and get interest twice a year, that it does not reduce the bank's cash, and best of all it will help to win the war. Reports have come from several other banks which are adopting this course.

J. E. Peters, cashier of the First National Bank of Livingston, announces the following as a resolution passed by his stockholders at a recent meeting:

> **"Resolved that the Bank pay no more dividends as long as the war continues, and all earnings of the Bank be invested in War Bonds."**

Other texas banks should take the tip from these far sighted ones and use dividends in the form of Liberty Bonds, or take accumulated dividends and buy war securities. There is not a bank stockholder in the land that would vote "No."

CHANGES IN ITALY BANK.

Italy.—James Bracken has resigned as assistant cashier of the Farmers State Bank to accept cashiership of the First National Bank of Italy. He succeeds Mr. Egan who has gone with the colors.

Succeeding Mr. Bracken as assistant cashier, Elim Hamlett has been elected, who has the well wishes of his many friends in the work.

McALLEN BANK OPENS.

McAllen.—The First National Bank of this place opened its doors for business on Monday, June 10th, under very flattering conditions. This bank has a capital of $5,000, and has a paid in surplus of $5,000. A. Ledbetter is the cashier of the institution, and under his able management the future of the bank is expected to be prosperous.

NEW OFFICER FOR SAN ANTONIO BANK

San Antonio.—L. B. Randall, president of the Merchants & Mechanics Bank, San Antonio, announces the election of W. R. Stout as active vice-president of this institution. Mr. Stout was formerly a very successful merchant of Beeville, and has been a resident of San Antonio since 1907.

Mr. Randall, president of this bank, organized the institution six years ago. Formerly his banking experience was with the First National Bank of Beeville, where he served as active vice-president for twenty years, from 1890 to 1910. Under Mr. Randall's management, the bank has prospered, and the outlook for the future business is very promising indeed.

WOMAN BANK PRESIDENT DIES.

Huntsville.—Mrs. Sallie Gibbs, president of the Gibbs National Bank of Huntsville died on May 27th. Mrs. Gibbs is one of the most prominent and wealthiest women in Texas, owning considerable real estate in various parts of the State. She managed the large properties of her husband after his death, being assisted in this by her two sons, W. S. and Tom Gibbs, both of Huntsville. Six children survive.

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offers to correspondent banks a complete service based upon an experience of 34 years in the heart of America's financial world. May we explain our service to you—by letter or interview?

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BEVERLY CHEW, ... Vice President
EDWIN F. ROREBECK, . . . Vice President
HAROLD B. THORNE, . . . Vice President
JAMES F. McNAMARA, . . . Vice President
ROGER P. KAVANAGH, . . . Vice President
BERTRAM CRUGER, ... Treasurer
GEORGE N. HARTMANN, ... Secretary
JACOB C. KLINCK, ... Trust Officer
R. W. K. ANDERSON, . . Assistant Treasurer
JOHN F. CISSELL, . . Assistant Treasurer
FREDERICK E. FRIED, . Assistant Secretary
WILLARD E. McHARG, . Assistant Secretary
CLARENCE KLINCK, . . Assistant Treasurer
IRWIN G. JENNINGS, . . Assistant Secretary
LINUS P. HOSMER, . . Assistant Secretary

60 Wall Street **716 Fifth Avenue**

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BANKER'S ONLY SON ENLISTS.

Earl Fuqua, only son of Mr. and Mrs. W. H. Fuqua of Amarillo, is now in Austin in the School of Aeronautics. Young Fuqua has just passed his twenty-first birthday, and was put in Class 4 by the Exemption Board because of his wife and baby. He felt the call very strongly, however, and fearing it would be a long time before he would be called under Class 4, he voluntarily went to San Antonio, took the examination for the flying service and was accepted subject to call later. Since that time he has been called to Austin. The RECORD believes in taking some recognition of young Fuqua's patriotic action.

EARL FUQUA

TEXAS BANKERS NOW IN THE SERVICE.

Below is printed a list of former Texas bankers now in the Finance Branch of the Quartermaster's Corps, Camp Travis, which is located in San Antonio. The list was furnished by Mr. Avant, formerly assistant cashier of the Marfa State Bank, Marfa, Texas. No doubt their many friends will be glad to learn just where these boys are stationed:

C. A. Loftis, cashier Guaranty State Bank, Ashland, Texas.

A. T Edmonson, cashier Farmers State Bank, Hanna Okla.

R. G. Proctor, cashier, Union State Bank, Calvert, Texas.

J. B. Hardin, assistant cashier Spud National Bank, Spur, Texas.

J. S. White, assistant cashier Peoples National Bank, Lampasas, Texas.

F. H. Bunkley, assistant cashier, Farmers National Bank, Seymour, Texas.

J. D. Gandy, assistant cashier, M. & P. National Bank, Mt. Vernon, Texas.

Robt. F. Johnson, assistant cashier American National Bank, Helena, Mont.

Ben S. Avant, assistant cashier, Marfa State Bank, Marfa, Texas.

Lieut. R. M. Bowen, paying teller First National Bank, Fort Worth, Texas.

Ray Boen, bookkeeper Farmers & Mechanics Natl Bank, Fort Worth, Texas.

Roy C. Willett, bookkeeper First National Bank, Mart, Texas.

H. V. Atkinson, bookkeeper First National Bank, Del Rio, Texas.

Yoakum State Bank is having installed a handsome set of Italian marble and bronze fixtures. Collins of Denison is doing the work.

TRANSFER OF LIBERTY BONDS.

On the reverse side of Liberty Bonds of the registered variety appears the order that in the transfer of these bonds from one person to another it is necessary for the holder thereof to go before certain authorities for acknowledgement. In these authorities enumerated, the officers of State Banks are not mentioned. The question naturally arises whether or not the duly authorized officers of State Banks would be permitted to acknowledge the transfer of bonds, or whether it would be necessary to have this transfer made before officers of National Banks or other authorities mentioned on the back of the registered bonds.

The RECORD is pleased to inform its State Bank friends that the executive officers of all National Banks, and "other incorporated banks and trust companies organized under the laws of any State, whether or not members of the Federal Reserve System," are permitted to acknowledge the transfer of registered bonds. This is in accordance with ruling laid down in Treasury Department's circular No. 100.

THE "PATRICK" BRAND OF OPTIMISM.

W. H. Patrick, the progressive president of the First National Bank of Clarendon, recently wrote the following optigram for the New York Commercial:

"By every individual in the Nation doing his dead level best to co-operate with the Administration: By co-ordinating every industry and enterprise, with the simple purpose of winning the war, we shall not only win it, but after it is over find that we have a stronger and better citizenship; a commanding commercial and financial position and the respect and good will of all of the Democratic nations of the world."

This optigram appeared in a very prominent place on the front page of the New York Commercial for May 10th, and it is very much worth while.

WALTER CONNALLY IS DEAD.

Tyler.—Walter Connally, one of the vice-presidents of the Citizens National Bank of Tyler, died suddenly in this city on May 13th. In the announcement of the bank directors sent out by Gus F. Taylor, it is said that Mr. Connally was associated with the Citizens National Bank from its organization. Mr. Connally was very prominent in many avenues of business and social life, and a number of friends in all sections of the state were saddened by the news of his death. A telegram of consolation was sent the widow by members of the Texas Bankers Association, assembled in Annual Convention in Galveston.

WOODSON HEAD OF MT. CALM BANK.

Mt. Calm.—W. W. Woodson was recently elected president of the First State Bank of Mt. Calm, succeeding R. J. Moore, who was acting president and cashier. Mr. Moore still retains the cashiership in this flourshing institution. The capital and surplus of the bank is well above $30,000. S. J. Callaway a ginner and farmer of this neighborhood was elected vice-president.

DIVIDING A BANK PRESIDENT'S TIME.

Stockdale.—J. H. Bain, president of the First State Bank of this city, also president of the First State Bank, South San Antonio, recently moved his family to San Antonio. he spends in Stockdale at his desk at the First State Bank. having the days Monday and Tuesday at his desk at the San Antonio bank and the remaining days of the week he spends in Stackdale at his desk at the First State Bank. Mr. Bain is a progressive young banker, and both of his banks are in a flourishing condition.

A CORRECTION.

In a recent notice in the RECORD the Como National Bank was given credit for having increased its capital stock. This should have read the Como State Bank, and increase of capital from $20,000 to $35,000. J. A. Morris is the progressive cashier of this flourshing institution. Indications for a good years business are very prominent.

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MR. CHIDSEY GOES TO HOUSTON BANK.

J. C. Chidsey, formerly chief National Bank examiner of the Eleventh District, more recently southwestern representative of the National City Bank of New York, is now director and active vice-president of the Houston National Exchange Bank, according to announcement made by the directors of this bank. Mr. Chidsey entered his new duties June 1st.

Mr. Chidsey is a well know figure in banking circles in Texas, and has been for a number of years. As a member of the National Bank examining force, he became widely known in this district. His has been a familiar face at District and State Conventions in Texas for a number of

J. C. CHIDSEY

years. Beverly D. Harris, of the National City Bank of New York, recently wrote Mr. Fox the following concerning Mr. Chidsey:

My Dear Mr. Fox:

Some time ago you were congratulating me upon having added Mr. J. C. Chidsey to our official staff in the capacity of assistant vice-president. This sincerity of your good opinion of him is further emphasized by the information that he has recently accepted an attractive offer from you to join your forces June 1, as a vice-president, which necessarily, to our regret, involves severing his extremely pleasant relations with us. There remains nothing, therefore, but to accept the situation gracefully and extend you cordial congratulation in connection.

Mr. Chidsey leaves us with the cordial good wishes of every member of our organization. He is a gentleman and a man of honor in every sense of the word, of delightful courtesy and charming personality; conservative, reliable and possessing our complete confidence. From his point of view, which I can very well understand, his position with you will relieve him of traveling and enable him to enjoy his home and family and concentrate his efforts more closely. I believe he will be very happy in his new environment, and I know from experience will find Houston a delightful city to live in. He will undoubtedly be a strong acquisition to your staff, and we are sorry to lose him. With cordial regards of the writer. Yours sincerely,

B. D. Harris.

Mr. Chidsey's many friends throughout the district will be interested in his recent change.

BANK INCREASES CAPITAL.

The First National Bank of Amarillo recently increased its capital stock from 200,000 to $300,000.

Collins of Denison is installing a very handsome all marble fixtures for the new Sherman bank, the Central State Bank.

BANK AT MASON CHANGES ITS NAME.

Amendment to the charter of the German-American Bank of Mason was recently filed changing the name of the bank to the Mason National Bank. Directors of the institution were prompted in this action solely by patriotic feeling, believing that the word German should not be displayed in their bank's name.

WINGATE OVER THE TOP.

J. Ward Boyce, cashier of the Security State Bank of Wingate, announces with pleasure that his little city recently raised the Honor Flag awarded by the government for exceeding its quota in the third Liberty Loan campaign. Mr. Boyce was advised that Wingate was the only place in Runnells county which went "over the top." He feels very proud of the very active part his bank's officers took in the campaign.

HIDALGO COUNTY HAS AN ASSOCIATION.

Hidalgo County bankers have recently been organized and the following officers elected:

Mr. Henry Klossner of Edinburg was elected president; R. E. Horn of McAllen and W. B. Batton of Mercedes, vice-presidents; F. C. Platt, San Juan, secretary, and W. B. Fortson of Mission, treasurer.

The Association will meet monthly, taking the towns in the county in alphabetical order. F. C. Platt, secretary of the Association, announces that Hidalgo County doubled its quota in the third Liberty Loan, being at that time the only county in the United States which had its quota doubled. Every town in the county except two doubled its allottment. This was all done in the face of several discouraging conditions.

PRIVATE BANK TO NATIONALIZE.

Application for a charter has been made by the private bank of W. E. McLaughlin of Ralls. If granted the new institution will be the First National Bank of Ralls. Capital stock $60,000.

MT. VERNON BANKER IN THE SERVICE.

Mt. Vernon.—James D. Gandy, assistant cashier of the Merchants & Planters National Bank, having been with this institution for the last five years, has joined Uncle Sam's forces to fight the Huns. He is a very likable young fellow and has the best wishes of a number of friends.

The assistant cashiers of the bank are now Jim Long and W. B. Petty. G. L. Hinnant is cashier. Recently Mr. N. H. Long was elected vice-president. The other officers are.: C. C. Dupree, president, C. R. Hill, vice-president.

EX-PRESIDENT GETS LEATHER MEDAL.

Howell E. Smith, past president of the Texas Bankers Association was awarded a leather medal in Galveston as the champion crab eater of the 1500 delegates assembled. The medal was in the shape of a star, bearing the following inscription in gold letters:

"This medal was won (not given) to Howell E. Smith, president of Texas Bankers Association, at Galveston, May 14, 1918, as champion crab eater of the world. Record 11,968¾ crabs not counting shells). Presented by the Galveston bankers."

The presentation speech was made by F. M. Law of Houston in a very splendid manner. Although the entire affair was a great surprise to Mr. Smith he more than proved himself equal to the occasion in saying that unless he did receive the gift graciously and in fine good humor, he would indeed be "crab-id."

BANK IMPROVEMENTS.

The First State Bank & Trust Co. of this city has made a contract for a new building to be developed from the building now occupied by the bank and the adjoining building. When completed the new home of the bank will be very modern and convenient.

Galveston.—Extensive alterations to the City National Bank building at 29th and Market streets are being planned by directors of the bank. The floor will be raised and the entire interior of the building remodeled. Work on the improvements have already begun.

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McKINNON IN AUSTIN BANK.

News of interest to his many friends will be the information that Eldred McKinnon, formerly State bank examiner, is now active vice-president and cashier of the Citi-

ELDRED McKINNON.

zens Bank & Trust Co., of Austin. He began his new work on June 1st.

Mr. McKinnon graduated from the A. & M. College in 1902, and for a few years engaged in the practice of law in a law office in Hillsboro. Later, in 1905, he accepted a cashiership in the Sturgis National Bank of Hillsboro, where he remained for a number of years. In 1915 he was appointed bank examiner by the late John S. Patterson. During his encumbency as a State bank examiner he served in a number of Districts of Texas, everywhere making large circles of friends because of his just dealings and untiring sociability. All these many friends will be pleased to learn of his advancement.

WINTERS BANKER KILLED.

Winters.—Jim Rogers, president of the First National Bank of Winters was shot and killed on May 25th. W. H. Baker, a farmer living near Winters is charged with the killing. It is supposed the altercation started over the Liberty Loan campaign.

DALLAS BANK INCREASES ITS CAPITAL.

The Board of directors of the First State Bank of Dallas recently voted to increase the capital stock from $250,000 to $400,000. This increase was overscribed in one day, according to Howard D. Ardrey, cashier of the bank. Officers and directors of this flourishing bank claim the First State Bank as the oldest and largest State bank in Texas. It was the first State bank in the United States to join the Federal Reserve System.

CHANGE IN EAGLE PASS.

Eagle Pass.—Dr. A. H. Evans has resigned as president of the State Bank & Trust Co., of Eagle Pass. W. J. Niggli is the new president and F. F. Niggli is the new active vice-president. This institution is eleven years old and shows great prosperity.

CHANGES IN GALVESTON BANKS.

Galveston.—A. A. Horne, recently elected cashier of the City National Bank, has been raised to the position of active vice-president after about one months' service. M. P. Jensen, formerly cashier of the First National Bank of Crockett, is the new cashier of the City National. Mr. Horne was formerly State bank examiner, and Mr. Jensen has been with the Crockett bank for fifteen years.

TEMPLE BANKER MARRIES,

Temple.—James Patton, assistant cashier of the First National Bank and Mrs. R. S. Hunt were married the middle of May in Fort Worth. After a brief honeymoon trip, the young couple will be at home to their many friends at Temple.

NEW CASHIER FOR LADONIA BANK.

Ladonia.—J. P. Jones of Venus is the new cashier of the First State Bank of this city, succeeding J. R. McFarland, who has been called to the colors. Mr. Jones was formerly active vice-president of the Farmers & Merchants National Bank of Venus.

NEW STATE BANK FOR SHERMAN.

Sherman.—The Central State Bank has been organized here with a capital stock of $50,000. The officers are: Ben F. Smith, chairman of the board; Barlow Roberts, president; Dero Austin and Palo Roberts, vice-presidents; J. A. Abernathy, cashier. The officers, together with G. P. Webb and W. M. Shaw, constitute the board of direc-

The State National Bank

CAPITAL $500,000.00 OF SAN ANTONIO, TEXAS Organized October 23, 1915

Will be very glad to negotiate with such firms, corporations and banks as may contemplate the establishment of or a change in their San Antonio connections.

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The Texas Bankers Record

H. A. WROE, Vice-Pres.
American Natl. Bank,
Austin

Official Publication
TEXAS BANKERS ASSOCIATION

JULY 1918

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of good Banking Service

Our ability to HOLD our bank accounts after we get them is based on SERVICE.

The highest class of service consistent with sound banking is always yours when you open an account with

Central Texas Exchange National Bank

W. H. McCULLOUGH, . . President
C. L. JOHNSON, . . Vice President
R. B. SPENCER, . . Vice President
E. R. NASH, ... Vice-President
ROBT. B. DUPREE, . Vice-Pres., and Cashier
A. J. PETERSON, . . Assistant Cashier

Waco, Texas

Capital and Surplus,
. . *$600,000.00*
Resources over *$4,000,000.00*

Forty-four years of continued growth and success under the same management.

K. M. VAN ZANDT, President
ELMO SLEDD, Vice Pres.

R. E. HARDING, Vice Pres.
E. B. VAN ZANDT, Vice Pres.

W. M. MASSIE, Cashier
R. W. FENDER, Asst. Cashier

R. C. GEE, Asst. Cashier
H. P. SANDIDGE, Asst. Cashier

The *increasing number* of banks for which we are acting as reserve and collection agent proves the value of our complete city bank service.

CAPITAL, SURPLUS AND PROFITS - - - $1,850,000.00

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The Fort Worth National Bank

RESOURCES OVER $14,000,000.00

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THE TEXAS BANKERS RECORD

Official Publication of the Texas Bankers Association

Volume Seven DALLAS, TEXAS, AUGUST 1918. *Number Twelve*

Devoted to the Banking, Industrial and Commercial Interests of Texas

COTTON PRICE STABILIZATION

FEW bankers there are in Texas and the Southland who have forgotten the ticklish days of the Fall of 1914, when the price of cotton was forced far below the cost of production by the opening of the war in Europe. Those were soul-trying days and sleepless nights. A man was not calculated to enjoy pleasant dreams if he were carrying with a small margin 500 bales of cotton belonging to some itinerant cotton factor. Those were the days when the farmer, frightened by a precipitating market, rushed his cotton to the gin and then to the street. Those were the timerous days of great anxiety for our southern commercial structure, and perhaps camouflaged smiles on the face of the spinner.

The cotton situation as it faced Texas and the South in May of this year gave promise of even more terrible things than happened in 1914. With the world plunged four years in the war and with very inadequate shipping facilities, and with prospects of a great surplus crop, cotton producers and the bankers of the South seemed to be facing dire distress. There seemed little chance but that there would be sectional distress, such as accompanied the Fall of 1914, and bankers, farsighted men as they are, gathered early to meet the situation.

Let it be recalled that members of the Texas Bankers Association in convention in Galveston the middle of May started a movement for some plans that would take care of the very bad situation. Their plans resulted in a conference of bankers and cotton growers in New Orleans July 5th, at which government price fixing was unanimously endorsed. Also growing out of the New Orleans meeting was a conference in Washington on July 17th with several governmental department heads.

The situation as it stands now is one displaying great change in its sinister aspects. Several things have happened since the first of May, or even since the first of July to change the situation.

First of all, it seems the uncontrollable power of the elements has entered into the production of cotton until the crop is being cut short daily. Reports from practically all of the cotton growing states tell of diminishing prospects for a normal yield because of the drouth conditions. In Texas, with the exception of the north and northeast portions of the state, the crop has already been cut very short. If these conditions continue something very short of a surplus crop will be harvested.

Next in importance to the drouth, comes the announcement from the War Finance Corporation of a proposal to loan money to banks in the South for crop movement purposes. By final analysis this practically means that the government will finance the cotton crop if necessary. Lastly, the committee of bankers and cotton producers who went to Washington on the 17th of July received so much encouragement on the price fixing proposition that all came away with the feeling that rather than a sectional distress being suffered, the government has fitted itself to step in and not only fix the price on cotton, but purchase for the government's account any cotton that might not be sold on the regular market.

Such in brief is the cotton situation as it stands today: drouth conditions cutting the crop shorter every day; the War Finance Corporation ready to loan money for the movement of cotton; the Government with all its resources standing ready to fix the price on raw cotton and purchase any surplus that might exist if necessity demands it.

Journeying to Washington from Texas for the conference with government officials on July 17th were: F. M. Law, of Houston; Howell E. Smith, of McKinney; E. H. Astin, of Bryan; Lynn P. Talley and W. A. Philpott, Jr.,

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of Dallas. These men took a very active part in conferring with the department heads and worked earnestly for price stabilization.

Upon the return of this committee, President Woodson of the Texas Bankers Association, received extended reports from every member. The reports display the encouragement each man felt in the attitude of the government. Each man who went to Washington feels that the government is behind the South in handling its cotton and there will be permitted no violent shrinkage in the value of this staple commodity.

The conference in Washington developed itself into small committees to confer with the department heads as follows: One with Mr. Lever and his agricultural committee; one with Governor Harding of the Federal Reserve Board; one with Chairman Hurley and his War Trade Board; one with Chairman Baruch and the War Industries Board; and a committee to confer with a delegation of cotton spinners from the East. Our men from Texas were actively represented on these committees, Mr. Law being chairman of the committee which visited Mr. Baruch, and Mr. Smith being chairman of the committee which visited Mr. Harding.

Below is quoted some excerpts from the report Mr. Talley made to President Woodson. Naturally, a large portion of these conferences with department heads were of a confidential nature and cannot be published. Let it be said these government heads talked very freely and frankly with our committees and gave much encouragement.

Regarding the spinners and what they propose to do, Mr. Talley explained as follows:

Proposition of the Spinners.

"The spinners were in session in Washington practically the entire time that we were there, working on their proposition to build warehouses in the East sufficient to accommodate at least two and one-half million bales, and were seeking governmental aid in financing the construction of these warehouses. From the information we were able to gather, they did not obtain any particular response.

"At their request for a joint conference with our committee a committee of five from our body was appointed to meet with a similar committee from the spinners on Thursday morning. A joint resolution adopted by both the sub-committees was reported back to our meeting Thursday morning at ten oclock and laid over until the session that night for discussion. Before finally disposing of the report we had the sub-committee of the spinners come in and put the question directly to them, that although their report expressed the spinners' position as being favorable to stabilizing the price of cotton, would they favor the formation of a cotton corporation and the fixing of the price of cotton by the President, to which they unanimously and emphatically replied in the negative. That constituted a parting of the ways and a report was merely received and referred to our Executive Committee.

"The spinners' trouble is solely one of finance. The eastern banks have shut down on making advances against cotton held by or under the control of spinners, and it is necessary for them to create negotiable warehouse receipts issued independently to create collateral required by the eastern banks. In addition to this, the Railroad Administration pointed out to them that it would be neces-

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J. A. Davis, Ga.; E. H. Astin, Tex.; J. M. Robinson, La.; Charley Barton, Ark.; Lem Banks, Tenn.; F. T. Chandler, Okla.; B. T. Moss, Ala.; M. P. Sturdivant, Miss.

COMMITTEE ON PERMANENT ORGANIZATION.

H. E .Smith, Tex., Chairman; W. G. Smith, S. C.; E. P. Peacock, Miss.; E. D. Sweeney, Okla.; Carl Hollis, Ark.; W. D. Manley, Ga.; W. D. Haas, La.; E. L. Rice, Tenn.; F. A. Bloodworth, Ala.

This committee's report as adopted named W. W. Woodson of Texas, president of the Southern Cotton States Association of Bankers and Farmers, the name of the organization; L. M. Pool of New Orleons, vice president, and W. A. Philpott, Jr., of Texas, secretary-treasurer.

COMMITTEE ON CONSTITUTION AND BY-LAWS.

G. A. McLean, Miss., Chairman; Robt. Wait, Ark., Secy.; W. G. Smith, S. C.; R. H. Agee, Ala.; W. P. Andrews, Tex.; F. S. Bragg, Tenn.; E. P. Gum, Okla.; L. P. Hillyer, Ga.; W. B. Thompson, La.

This committee will prepare constitution and by-laws which will govern the organization until next meeting, when these matters will be ratified.

OTHER RESOLUTIONS.

The resolutions below were adopted unanimously by the Conference:

Holding Propaganda.

Resolved, That this meeting recommend that in each cotton growing state, a committee be formed headed by the Agricultural Commissioner of the State and including the president of the Farmers Union, the president of the Bankers Association and the head of the State Market Dept. to organize a definite propaganda throughout the State looking to the withholding from the market by the producer of as large a proportion of the crop as possible, the details of the plan in each state to be worked out by the committee of that State.

Priority of Cotton.

Whereas, the prospects indicate a cotton crop of greater proportions for the season of 1918-1919 than was harvested in 1917-1918; and

Whereas, the welfare of our Nation demands that cotton be transported as freely as possibly from its point of origin to our spinning centres so as to be enabled to properly furnish our Government with necessary clothing and other needed materials for the use of our Navy and Army, as well as four our civilian population; so be it

Resolved, by the Association of Southern State Bankers and cotton producers in session in New Orleans, July 5th, 1918, that we urge and request Director General McAdoo to instruct the Priority Board that subject to other more pressing war needs he see that ample transportation facilities are furnished to move the cotton crop from points of origin to shipping centres; and be it further

Resolved, That each delegate present take this matter up on their return home and have each business organization make a similar request of Director General McAdoo; and be it further

Resolved, That a copy of this resolution be presented to Director General McAdoo, Washington, D. C.

Through Export Bills of Lading.

Whereas, the shortage of cars and ships, and the consequent uncertainty of freight movement, rendered it necessary, on December 1, 1917, to discontinue the issuance by interior railroad agents of through bills of lading on export shipments, and

Whereas, since that time, it has been necessary for cotton to be first shipped to ports and there held for the arrival of ships, necessitating the use of domestic bills of lading, warehouse receipts, and additional insurance provision before final port bill of lading to accompany bills of exchange can be obtained, and

Whereas, there has recently been a material improvement in the freight situation, both as to domestic and foreign movements, with the prospect of even more available tonnage later on, and

Whereas, the shippers are now receiving definite ocean freight allotments through the government of the purchasers;

It Is Resolved, that W. G. McAdoo, Director of Railroads, be requested to permit the resumption of the issuance of through export bills of lading by interior railroad agents, upon evidence by the shippers that a specific ocean freight allotment has been made for the cotton for which the bill of lading is requested, and

Be It Further Resolved, that this resolution be presented in person to W. G. McAdoo, on July 17, 1918, by a committee representing this organization.

Regarding Steamship Lines.

Whereas, we are gratified at the announcement of Hon. Edward N. Hurley, Chairman of the United States Shipping Board before the students of Notre Dame College in Indiana that in 1920 the United States of America will dominate the seas with our merchant marine; and

Whereas, figures taken from the United States Department of Agriculture have demonstrated the fact that the South is producing now more than one-third of the food crops of our Nation and, therefore, is not only feeding itself, but is aiding to feed our fellow citizens in other parts of our country, and, also, in sending large quantities of food stuffs abroad; and that with our cotton we are practically clothing the civilized and uncivilized nations of the world; and

Whereas, notwithstanding this fact, the farmers of the South have been impressed with the necessity of producing more food and feed stuffs, and are loyally and patriotically doing so; and

Whereas, in the selecting and adjustment of routes for the new steamship lines which are being established, press reports indicate that efforts are being made to concentrate practically all lines from New York and other North Atlantic ports; and

Whereas, the South Atlantic and Gulf States not only possess an immense sea area, and ports with ample water and shipping facilities, but in addition to this, there is an immense area from the Mississippi Valley and the West, as well as from adjacent Southern states, the product of which can be more easily and economically transported to foreign shores from South Atlantic and Gulf ports than from any other port; and

WANTED: Position as bookkeeper or assistant cashier in good country bank by a young man with several years experience in mercantile bookkeeping and ten months active experience in country bank, during which time he has worked in all departments. He will not reach draft age until next year. Is strong, agreeable and anxious to work. Address 11-12 Texas Bankers Record.

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F. T. CHILDS, Vice-President
J. F. DOWNING, President
G. G. MOORE, Cashier
P. M. MASTERS, Ass't Cashier

New England National Bank
KANSAS CITY, MISSOURI
CAITAL ONE MILLION DOLLARS
SURPLUS, $ 500,000
DEPOSITS, $20,000,000

every situation that might arise. Mr. Talley and Judge Ramsey were called to Washington August 1st for a conference with the Federal Reserve Board on the cotton situation. It is understood that Mr. Talley at that time submitted his plan to Governor Harding and other members of the Board, and the report also is that they were in hearty accord with some such plan for the handling of the situation.

Mr. Talley's Plan.

(1) The War Industries Board we know has complete authority to fix the price of any commodity which the government consumes.

(2) The domestic mills will take a minimum of seven million bales.

(3) The Government will take for their own account a minimum of 60% of the spinners output.

(4) Therefore, the government will consume, itself, a minimum of four million two hundred thousand bales.

(5) The War Industries Board should be induced to fix the price of raw cotton which the government consumes and buy it for the spinners, in the same manner as it has fixed the price of linters delivered to the manufactures of explosives for the government's account.

(6) The War Industries Board should buy cotton at no more nor less than the price which it fixed, and make its purchases through established channels of distribution, which would protect the cotton merchant.

(7) The spinner should be permitted to make his purchases in the open market for supplies of the other 40% of his production.

(8) Whenever the price of raw cotton would advance above the minimum fixed by the War Industries Board, the War Industries Board should sell cotton and whenever the open market price drops below the figure fixed the War Industries Board should buy cotton.

(9) As the importation of cotton into Great Britain, France and Italy is controlled by those governments by allotment to spinners and allotment of ocean freight, the War Industries Board could sell cotton to the Allies.

(10) If we were assured of a customer for as much as four and one-quarter million bales of cotton at a fair price and that customer could move the cotton, we would have no cause to worry concerning the result.

(11) If the War Industries Board would buy the supply of raw cotton for the spinner, it would also solve the spinners' financial problem, as cotton would be bought and paid for by the government and would remove that burden from the spinner, enabling him to finance his purchases for the other 40% of his production.

PLAN OF THE WAR FINANCE CORPORATION.

Gov. R. L. Van Zandt of the Federal Reserve Bank of Dallas has addressed the following communication to banks in the 11th district, explaining how funds for cotton moving purposes may be obtained from the War Finance Corporation:

"In order to assist the banks in this District to extend credit freely to deserving farmers and merchants where necessary to insure the prompt movement of crops, the War Finance Corporation of the United States is willing to make advances under Section Seven of the War Finance Corporation Act, to solvent and well managed banks,

96 DAILY MAILS EACH WAY
96 MAILS ARRIVE AT AND 96 LEAVE KANSAS CITY DAILY
¶ Your Transit Department knows the advantages of this factor in "speeding up" clearings.
¶ Every out-going mail reaches COMMERCE correspondents. No bank west of Chicago has more direct connections than the combined
Southwest National Bank of Commerce
Commerce Trust Company
RESOURCES, $92,000,000
In the Commerce Building
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BANK FIXTURES

Manufactured by us have the individuality, and the dignity of design, which cement the confidence between customer and bank.

Our fixtures are the fitting emblem of character and stability.

ORIGINALITY

And perfection of workmanship is guaranteed by our expert designers, and skilled workmen. We have a thoroughly competent staff to work out your problems in fixtures for you, and to give you the working plans and estimates that you desire.

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bankers and trust companies, located in this Federal Reserve District, whether or not members of the Federal Reserve System, up to seventy-five per cent of the loans made by such banks and trust companies to merchants and farmers, or up to one hundred per cent in cases where the borrowing institution itself furnishes additional collateral amounting to thirty-three per cent of the advances.

"The advances are to be made upon the promissory note of the borrowing institution, secured by the note or notes of the merchants or farmers, together with any security therefor. Such collateral notes offered must be paper evidencing financial assistance, given after April 6, 1917, directly or indirectly to a person, firm, corporation or association, conducting an established and going business in the United States, whose operations are necessary or contributory to the prosecution of the War.

"As these advances will be made for crop moving purposes ONLY, loans to banks will be limited to not more than four months, and the rate of interest will be six per cent per annum. The security must be notes evidencing loans which have been made by the banks to farmers and merchants at this time, or have been previously made, for crop moving purposes, and a statement from the applying bank to this effect must be furnished.

"Written applications, following the necessary resolution of directors of the borrowing bank, must be made to the War Finance Corporation through its Fiscal Agent the Federal Reserve Bank of Dallas, Texas.

"The collateral note form and directors' resolution must contain a clause agreeing to furnish additional security whenever required by the War Finance Corporation, and banks desiring to take advantage of this offer should apply to the Federal Reserve Bank of Dallas for blank applications, notes, and form of resolution.

Advice to Investors

Purchase your securities through responsible dealers who have proper facilities for investigations and a reputation to maintain for reliable advice.

K. N. & K. are always posted on general market conditions, and their views are at the disposal of investors through their monthly review of

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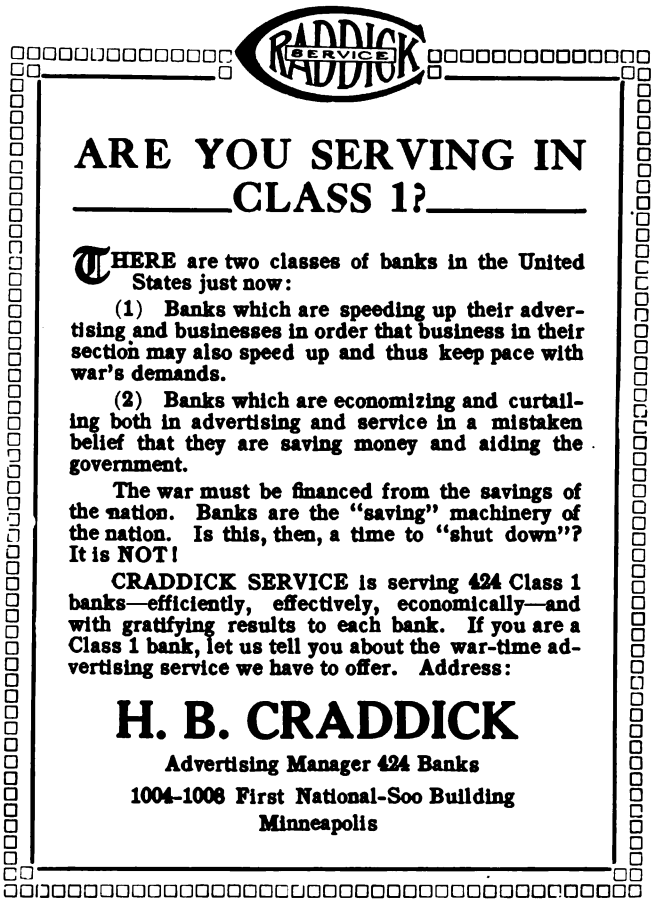

"Upon receiving a properly executed application for an advance, we will investigate same promptly and transmit it to the War Finance Corporation, with such recommendation as may be proper.

"If the War Finance Corporation approves the application the necessary funds will be placed with this bank as Fiscal Agent, to be paid to the borrowing institution in such manner as the latter may designate."

ADMINISRATIVE COUNCIL OF STATE BANK SECTION MEETS.

President Woodson of the Texas Bankers Association on August 7th called the first meeting of the Administrative Council of the State Bank Section of the Texas Bankers Association. The session was held in the Raleigh Hotel, Waco at 10 a. m. A unanimous membership was present as follows: P. A. Murray, cashier, Levi Bank & Trust Co., Victoria; A. Asheim, V. P. and cashier, State Bank & Trust Co., Brownsville; J. V. Morris, president, Bartlett State Bank, Bartlett; T. F. Hardy, president, Cameron State Bank, Cameron; Herbert D. Ardrey, cashier, First State Bank, Dallas; W. C. Dew, cashier, Trent State Bank, Goldthwaite; W. H. Browning, Jr., cashier, Pecos Valley State Bank, Pecos; J. W. Butler, president, First Guaranty State Bank, Clifton. Mr. Woodson, ex-officio member of the Council was present, as well as Secretary Philpott of the Association.

President Woodson called the meeting to order, and stated the purposes in having the Council gather at this time, pointing out many important matters just now for state bankers to consider and work out in the way of legislation, drouth relief, etc.

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Members of the Houston Cotton Exchange and Texas Bankers Association

J. W. Butler was chosen chairman for the ensuing year, and presided during the meeting. Herbert D. Ardrey was elected vice-chairman of the Council, and Secretary Philpott was authorized to act as secretary.

A very beneficial and harmonious meeting was held. Plans for the year's work were outlined and very timely topics were discussed, and policies for anticipated problems agreed upon. It was the unanimous opinion of the Council that the state banking laws should be changed so that state bankers of Texas would have a voice in the selection of the commissioner of insurance and banking. Several other amendments to the present state banking laws were agreed upon after a thorough discussion. These matters will be urged upon the Legislative Committee of the Texas Bankers Association, which committee was approved and re-appointed by the Council as the official Legislative Committee of the State Bank Section of the Association. Ed Hall of Bryan is chairman of this committee, and a mass of detailed work will shortly be placed in the hands of the committee. It is pointed out that during the coming session of the legislature a number of these amendments will be fought for.

The Committee enjoyed lunch together, and resumed its deliberations in the afternoon. All agreed the session was a most successful and harmonious one from every point of view. It is predicted much good will result to state banks from the activities of this Council, together with the work of the Legislative Committee.

Resolutions Covering Changes Desired in State Bank Laws.

To the end that the manner of constituting the State Banking Board be reformed so as to compose same of actual bankers, and in order that the position of "Commissioner of Banking" be removed from politics, the position be always occupied by an experienced banker and his incumbency be stable and enduring for the term of good service.

The Administrative Council of the State Bank Section of the Texas Bankers Association, (representing 875 State Banks) in session at Waco, August 7, 1918, adopted the following recommendations:

1. We recommend that the law be amended to provide that the State Banks by referendum vote, shall recommend 9 names for the State Banking Board, and from this list the Governor shall select 3 names to constitute the State Banking Board.

2. The Banking Board thus constituted, with the Governor, shall select or elect a "Commissioner of Banking" who shall have had not less than five (5) years actual banking experience.

The Governor shall be a member Ex-officio of the Banking Board and Chairman of the Board.

Excess Fees from Examination.

3. WHEREAS, in the last five years ending Aug. 1, 1917, the sum of $49,825.00 in excess of the necessary expenses of the Banking Department and its maintenance, has been collected from the State Banks; and

WHEREAS, it was never intended to tax the Banks more than the amount necessary to defray the expenses incident to the Department; and

WHEREAS, this $49,825.00 has by operation of law been diverted to General Revenue, thereby effecting a

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T. WRIGHT, Vice-President

species of double taxation upon the State Banks, THEREFORE,

BE IT RESOLVED: That this Administrative Council, speaking for the 875 or more State Banks in Texas, petition the Legislature to refund this $49,825.00 to the State Banking Board, and in addition, all excess collected prior to the five year period named, to be placed in an Emergency Guaranty Fund for the protection of Deposits in State Banks, and this Emergency Fund to be used before levying an assessment; and that future excesses in fees collected be treated in same manner.

RESOLVED, FURTHER, that in ordr to provide for a more equitable collection of fees, that in future the State Banking Board determine the schedule of Examination Fees at the beginning of each year, and levy same upon a basis of necessary amount to maintaining the Bankin Department.

Change of Reserve Requirements.

4. RESOLVED, that all requirements as to cash reserve in vault be eliminated, and the amount of same left to the wisdom and discretion of the bank and its management, like the Federal Reserve Law deals with National Banks and placing State Banks on a parity.

This change in the State Bank Law would release a vast sum of money into circulation that is now required to be hoarded and is dormant in bank vaults, unnecessarily. Bankers may be safely trusted to keep actual cash sufficient to meet current needs.

Resolution Petitioning Relief for Drouth.

WHEREAS, the State has accumulated considerable surplus money represented in various funds held in the Treasury, some of which has been temporarily invested; and

WHEREAS, there are many sections of the State seriously effected by drouth, resulting in complete crop failures, necessary removal of all live stock that have survided, and actual distress of the people. The question of seed and necessary feed is a vital problem in the matter of attempting further agricultural production;

THEREFORE, RESOLVED by the Administrative Council of the State Bank Section of the Texas Bankers Association, that petition be made to the Governor, Hon. William P. Hobby, to use his good offices to effect a distribution of a good part of the State funds by depositing same in banks in the drouth-stricken districts, under proper safeguards. Such distribution and increased circulation would materially aid in rehabilitation of the devastated regions and encourage production of food so necessary to help win the war. The National Government has heretofore deposited relief funds in the National Banks in the stricken districts, and is now offering to extend this relief through State Banks. The State Government could well consider to augment this relief.

RESOLVED, that a Commission from this Council present this petition to Governor Hobby praying that he find a way to distribute a considerable portion of the reserve held in the State Treasury to the destitute communities, properly secured, thus aiding to save the suffering and restore production of farm products and live stock.

Unanimously adopted.

J. W. BUTLER, Chairman.

Waco, Texas, Aug. 7, 1918.

South Texas Commercial National Bank

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Offers unexcelled facilities for the transaction of all branches of legitimate banking.

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The Bankers Interest in Live Stock

An Address Before the Recent Panhandle Bankers Association Meeting in Amarillo, by A. B. Brown, Cashier Lockney State Bank, Lockney

THE subject assigned me, The Bankers Interest in Live Stock, is not a new subject. Volume after volume has been written, the best speakers of the Nation, and the best posted men of the Country have preached the gospel of stock raising, and food conservation from shore to shore, but this warning like many other important things escaped our attention without being heeded, and as a result this condition has developed and taken on such proportions that a famine now threatens in the world's meat supply.

There is no line of industry that means more to the American banker, or American citizen than the live stock interest of the Nation. It is of the deepest concern to our government in the winning of the war, it is the very sinew and energy of the battle front, the millions of men comprising our allied defense must be fed, and our vast population at home must not suffer, but must be cared for, in order the better to care for those that have gone to the front.

With the live stock industry of the European Nations wiped out of existence so to speak, by the great war, and with one-half of the world looking to us for protection and food to live on, we find America carrying the heaviest burden of any Nation known to modern history, and with our industrial man power being steadily depleted by the export of thousands of men daily, we find this great problem growing upon us rapidly, and with all of these very heavy responsibilities upon our shoulders, the most skeptical can readily see the necessity of team work in all lines of endeavor, in order to cope with the situation. The time is here when we should husband the live stock interest of the Nation as Noah did that pair he led into the Ark, that was to feed the multitudes that were to follow thousands of years later.

A. B. BROWN

Europe, today faces the most desperate situation in its history, its country is torn by war, and threatened by famine, its industries are dislocated, its man power is being steadily depleted, its food supply is growing desperately short, and its civil population is being drawn more into the vortex of war, and its future is clouded with a dread uncertainty. Can it be possible that for us we might substitute America for Europe, making these facts of Europe a prophesy for ourselves.

Certain is it that we face a situation in the matter of food supply, unlike anything we have known before, the seriousness of which no thoughtful man of America will question, but that its very seriousness should lead us to a calm consideration, and to deliberate action, rather than to hurried and ill-advised expenditures of energy and money. If we are to avoid the misfortunes which have overtaken European countries it will be because we are wise enough to profit by their mistakes.

The late James J. Hill, one of America's greatest constructive Americans, who traversed this country from boundary to boundary preaching better agricultural methods, and advocating financial and material assistance to our farmers, and pointing out the danger to which we were drifting, in the relationship between food production and consumption, said, "The armed fleets of an enemy approaching our shores, would not be more alarming than the relentless advance of a day, when we shall have neither sufficient food, nor the means to purchase it for our population. The farmers of the Nation must save it in the future just as they built its greatness in the past."

At the time Mr. Hill uttered this sentiment, which now seems to have been near an inspired prophesy, he could little have thought that coupled with the unfortunate day which he foresaw inevitable if American consumption continued to overtake production, that almost exactly with the arrival of that day, would come the probability that the ships of a mighty foreign enemy would in reality be threatening our shores.

From good authority, we are informed that during the ten years preceding the war, the world's population increased more than 25 per cent, while her chief meat animals, cattle and hogs decreased 11 per cent. In the United States during that period of time our population increased more than 21 per cent and our cattle decreased more than 32 per cent.

Our live stock interest is literally being driven out of the West. As we ride over these vast plains, we can draw a picture of this picturesque country in years past when thousands upon thousands of cattle roamed this western Paradise, without having their range cut off at ever quarter or half section with a wire fence, and we can see those vast herds as they increased annually, until at last the tide of immigration reached this western country.

We see the early settler, locating upon one or two sections of this beautiful Plains land. He increases his herds annually, and is living at home making money and enjoying ideal country life, until at last our friends ambition begins to rise and he conceives the idea of selling his cattle and taking instead the tractor and automobile. The cows are too much trouble and the grass is getting short according to his way of thinking, and accordingly he carries out his plans, sells his cattle and buys a set of modern farm machinery. He goes to work, and only trying to cultivate that amount of land that he can look after, puts in his entire section or two sections, which is from three to five times more than he is capable of look-

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CAPITAL AND SURPLUS, $250,000.00

Cotton Seed Products
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ing after, and as a result he only realizes about one-half the crop he should, due to lack of attention. Becoming despondent we now find our friend in the act of committing a crime upon his country. He decides that he has failed in his undertaking, which he truly has, he then decides to cut this land into quarter-section tracts, rent or lease it out, move to town and enjoy life off the income from these farms, and what is the result. We find the big cattle man driven from the range, we find him succeeded by the early home seeker, who usually keeps a nice herd of live stock, and we find the home seeker succeeded by the tenant class, a majority of which does not own a milch cow or hog.

Some of our best writers have said that the system of tenant farming was the greatest single curse of this country. The alarming feature of the business is the way in which this system is increasing. Do you know that 55 per cent of the farmers of the Lone Star State are tenants. Do you know or realize what this condition means? It simply means to the Panhandle banker, if allowed to develop in the future as it has in the past few years, the Panhandle banker will not be asking his customers the number of Herefords, the number of Durhams, the brands and so on, he owns, but he will be in the same boat with our friends in other parts of the State, it will be how many acres of cotton this year, will the landlord sign the note with you, and so on.

If you will pardon me for referring to myself, wish to say that my first banking experience was in a country where we had to do these things, and you gentlemen

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D. D. KRAHL, ... Assistant Cashier

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An institution that has always met every legitimate request for accomodations;

An institution that fully appreciates the proper relationship of a customer;

An institution that is a reserve correspondent in the full sense of the word;

An institution that can offer an interior bank a transit arrangement that will increase their undivided profit account.

The above facts prove why over 8,000 customers understand and appreciate a service that is an asset not to be valued in dollars.

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E. C. TUBBS, Cashier.

Wm. W. LeGROS, CHARLES L. BOYE, Wm. L. McKEE, ROBT. J. McKAY, Wm. E. McLALLEN, EDWARD N. HEINZ, Wm. J. FICKINGER — Ass't Cashiers and Mgr. Foreign Exchange Dep't

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that have always had the pleasure and the privilege of recording your mortgages on a good herd of live stock, with the signature of a good land owner on the note, don't know what a restless night is like. And let me admonish you that unless the Panhandle bankers awaken to the situation, and act immediately, such conditions will be as bad here as they are in other parts of the State.

We should strive to keep the land owner on the farm. This can be done by offering him all the encouragement possible in keeping his farm well stocked at all times with a good herd of high grade live stock. It does not take the whole country for the average herd. The day of ranches is almost a thing of the past. We must now turn our attention to the live stock farm, and should encourage stock farming, by educating the farmer the more economical, shorter and more profitable route of stock farming by diversifying and conserving his feed supply by the use of silos, and raising thoroughbreds instead of scrubs. The best Hereford bull on the Plains will not eat any more than one long-horned Texas steer, and will sell for almost as much as a car load of the old-timers. These facts must be placed before the farmer in a practical way, and when once convinced that your theory is the only way of helping his condition, you have not only added to your list of customers a progressive farmer, but have made of this gentleman a close friend and the best advertisement any institution could have.

Today our patriotism is not measured alone by the number of Liberty Bonds we buy, or the amount we donate to the Red Cross, but our every thought, and every action should be prompted by but one motive, that of peace to all the World, and to accomplish this we must lend our Government every assistance possible, by shaping the affairs of our respective communities to that end.

One of the worst economic crimes we commit today is in the slaughter of young calves. Practically seven million young calves are led to the slaughter house and butchered annually in the United States. This is indeed an economic crime, and should be stopped, either by educating the public the harm it is leading us to, or by passing legislation that will not permit it, and in my judgment the situation is so serious, that the only practical way of stopping it would be by passing a law that will not tolerate the waste of so much food animal.

Texas while recognized as a cattle state, is not taking care of its future in this line of industry. Every county and every community in the state should have a pig club and a baby beef club. The few clubs we have in the State have accomplished great things along the line of encouraging the raising of better live stock. Every banker in the State would be doing nothing less than his patriotic duty in the financing of these clubs. Many of our larger cities and towns have carried out various plans with wonderful success, and always to the interest of the institution or institutions promoting the work. Even poultry clubs have proven to be very profitable in many of our more progressive communities.

Together with the tide of progress, the banking business like all lines, has undergone many changes in the past quarter of a century. The banking institution is being looked upon more and more as an educational in-

BOSTON
NEW YORK
CHICAGO

Lee, Higginson & Company
INVESTMENT BANKERS

We are glad to furnish conservative and confidential advice, without charge to banks and other investors, regarding the actual values behind any market security.

Take pleasure in announcing to Texas customers and friends that Mr. John A. Lomax, formerly a member of the faculty of The University of Texas, is now associated with them, and will be located in their Chicago office.

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The National Park Bank

of NEW YORK *Organized 1856*

CAPITAL	$ 5,000,000.00
SURPLUS AND UNDIVIDED PROFITS	17,500,000.00
DEPOSITS (May 10, 1918)	194,000,000.00

OFFICERS

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Vice-Presidents
GILBERT G. THORNE
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MAURICE H. EWER
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LEWIS CASS LEDYARD, JR.
HORACE C. STEBBINS
JOHN C. VAN CLEAF
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THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

57 Broadway

Capital	$10,000,000
Surplus and Profits	12,863,000
Deposits (June 29th, 1918)	344,744,000

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FOREIGN EXCHANGE DEPARTMENT

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OF CHICAGO

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CHAS. S. MACFERRAN, Ass't Cashier
W. L. JOHNSON, - - Ass't Cashier

Capital and Surplus

$3,000,000

INVITES the accounts of responsible people, offering every facility consistent with legitimate commercial banking. : : :

stitution, as well as a clearing house for all commercial transactions. Things have developed to such an extent that the local banker is looked upon as the leader or governor of all local enterprises, and it is not too much to say that the close observer can judge the type of a banker a community has by merely passing through the country. The banker of the 20th Century must be more than a ploding bookkeeper. Not only is he supposed to be well posted in financial matters, but his duties require of him to be an agriculturist as well.

The most pressing need of our agriculture today is more liberal financing of the young farmer, thereby assisting him to devote his time and energies to that character of live stock farming that will build up soil fertility, increase production and enhance values.

Granting that we have stated some of the facts underlying our food situation, and some of the causes that have contributed to the situation, what are the remedies? To my mind they are distinctly of two characters: educational and financial. Victor Hugo said: "Open the doors of a school and you close the doors of a prison." In Victor Hugo's day the aptness of that statement was perhaps more apparent than it is today, because at that time education was less general and liberal prisons more frequent and vicious than with us. Now I would say: Open the door of an agricultural school and you close the door of a poor house.

With the highest admiration for the splendid achievements of our American free school system, recognizing that but for its efficiency many of us would have been without a knowledge of the multiplication tables, and believing that it is serving its purpose as probably no other American institution has, I feel that the rural children of our Country have not received their proper proportion of educational opportunities and facilities.

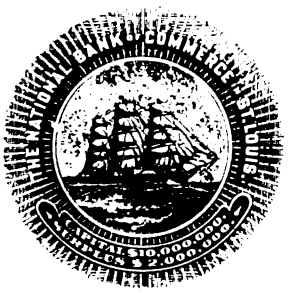
If education, real education, is that training which fits for the duties of life, then is it not the most effective teaching that character of instructions that which informs the pupils concerning those things in which they are most interested, and with which they will have most to do in the years of their mature activity? Is it not a fact that books are merely the tools, the means to an end? Are they any more an education than a cultivator is a corn crop, both useful in their place and indispensible in the scheme of things, but wholly without value and worse than a failure if not directed and applied with judgment and skill.

In this crisis, as in all others, as prophesied by Mr. Hill, it is the American farmer that will win the war, and preserve the country after it is won.

No truer sentiment was ever given notice than that oft repeated verse of Oliver Goldsmith's:

Ill fares the land to hastening ills a prey,
Where wealth accumulates and men decay.
Princes and Lords may flourish or may fade.
A breath can make them as a breath has made
But a bold peasantry, their countries pride,
When once destroyed, can never be supplied.

Competent man experienced in any executive capacity desires connection with some bank. Address, Room 528, Rice Hotel, Houston, Texas.



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MR. BANKER, when you have friends or customers in St. Louis, who desire service or accommodations of some kind, send them to us---Broadway and Olive. We'll be glad to see them, and to look after their requirements.

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Large Enough to Serve Any—Strong Enough to Protect All.

Resources, over . . . $85,000,000.00

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W. B. COWEN, Vice-President
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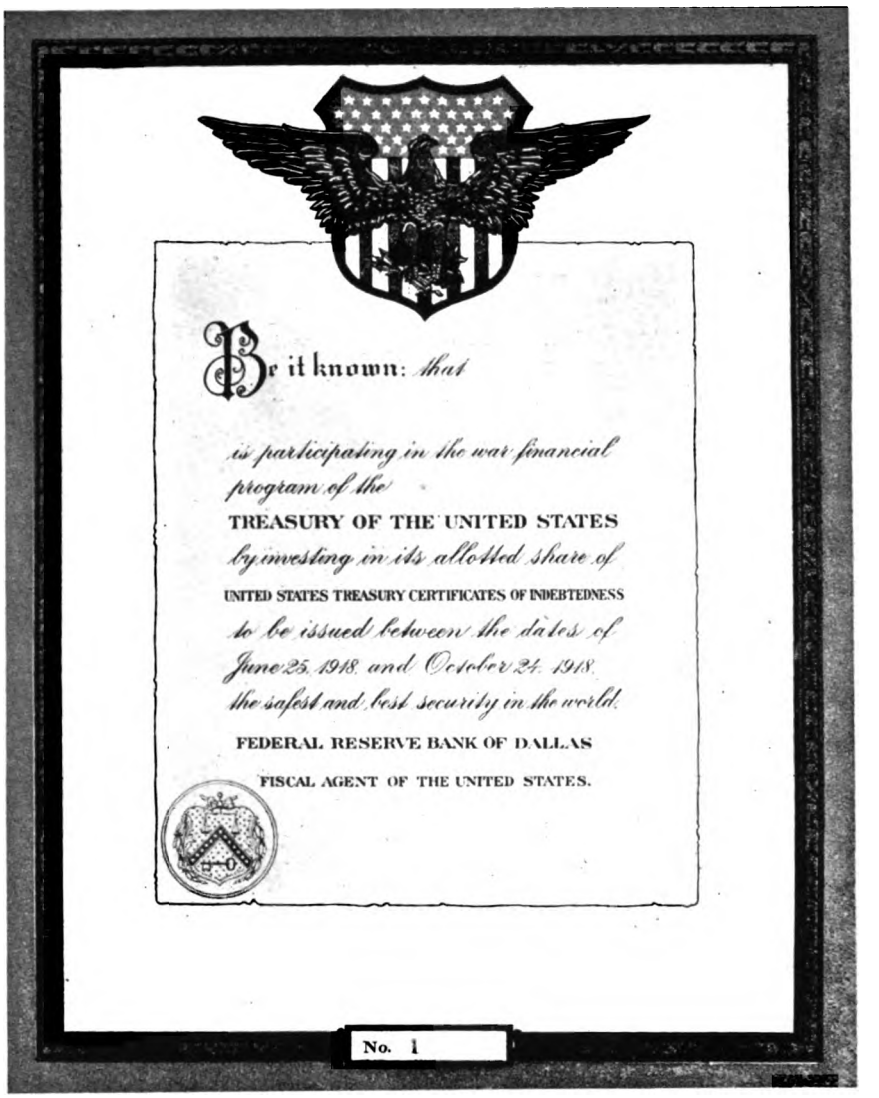
A CERTIFICATE OF HONOR.

THE Certificate of Participation, a cut of which appears herewith, is issued, for the purpose and reason as stated in the announcement, to each bank that is a purchaser of Treasury Certificates. It is requested that each bank receiving one will display it, so that it will indicate to the public that the bank is backing the boys at the front, and at the same time serve as a reminder to the bank that other issues of the Treasury Certificates will follow, and that it will be expected to purchase some part, if unable to take its full quota, of each issue.


Be it known: that

is participating in the war financial program of the

TREASURY OF THE UNITED STATES

by investing in its allotted share of

UNITED STATES TREASURY CERTIFICATES OF INDEBTEDNESS

to be issued between the dates of June 25, 1918, and October 24, 1918, the safest and best security in the world.

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES.

No. 1

It is believed that the banks holding Certificates of Participation will have a feeling of pride and satisfaction in proportion to their conscientious participation in the purchase of Treasury Certificates.

It has been a practice in some Federal Reserve Districts for the Director of Sales to publish a list of all the banks purchasing Treasury Certificates. This might be done without injustice to any bank in those districts where all banks are deriving profits from war industries, but would hardly be fair to some banks situated in a district devoted principally to farming and cattle raising such as the Eleventh, where drouth conditions, at times, make it necessary for banks in the stricken sections to carry the farmer and cattleman indefinitely. For this reason it was deemed best to issue the Certificate of Participation, rather than to publish the names of those banks subscribing.

It is hoped the banks will appreciate the spirit that prompted this plan of recognition, and will co-operate more fully with the Director of Sales in his efforts always to place the Eleventh District in the class with those districts that perform fully, the task assigned them by the Government.

SAN ANTONIO BANK IN ITS NEW HOME.

San Antonio.—The Lockwood National Bank on Saturday, July 13th, moved into its new home on Avenue C. Monday morning, July 15th, the oldest bank opened for business in its new quarters. This bank, one of the oldest in the city and which has been established over half a century, is now quartered in one of the most handsome and up-to-date bank buildings in Texas. It might properly be called a Greek Temple of Commerce, as the style of architecture is of the Greek Temple variety. The interior is finished in marble, bronze, Mosaic and mahogany, the Greek motive in style and ornamentation being carried out to the slightest detail.

In 1865, W. A. Bennett, a steamboat owner of Jefferson City, Mo., came to San Antonio and established the W. A. Bennett Bank. Shortly afterward he was joined by J. T. Thornton, and the bank's name became Bennett & Thornton, Bankers. In the early '70's J. S. Lockwood became connected with the firm and the bank became Bennett, Thornton & Lockwood. Later, upon the death of Capt. Bennett, and the departure of Col. Thornton to Kansas City, Mr. Lockwood was joined by J. H. Kampmann, and the bank became known as Lockwood and Kampmann. It was in 1887 when the institution became the Lockwood National Bank, with Jos. S. Lockwood as president; Jos. Muir as cashier; and Marcus Freeborn as assistant cashier. At present Mr. Muir is president and Mr. Freeborn is cashier. The other officers are Edward W. Richardson and Theo. V. Muller, assistant cashiers.

During the official housewarming many hundreds of San Antonoians called to pay their compliments.

NEW ASSISTANT CASHIER AT BELLEVILLE.

Belleville.—Directors of the Austin County State Bank recently promoted Herbert Vogelpohl from bookkeeper to the position of assistant cashier, and Wermer Vogelpohl was elevated to bookkeeper. E. T. Vogelpohl, who has been assistant cashier of this bank for the past six years, is now stationed at Camp Travis in training. The cashier of this bank is W. F. Machemehl.

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SERVICE
TO BANKS

A book for every banker's library

As an example of the breadth and thoroughness of our studies, we shall be pleased to send you our most recent publication "Internal War Loans of Belligerent Countries."

This book contains a careful analysis of the financial status of the different nations. Further, it minutely describes each issue of securities which these nations have floated, internally, since the war began.

This book is undoubtedly the most comprehensive reference work of its kind. It is a book which every far-seeing banker should have in his investment library. It will be sent free to any officer of any bank upon request. In writing, please ask for FO-88

The National City Company

National City Bank Building New York

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PROVIDENCE, R. I. Industrial Trust Bldg.
RICHMOND, VA. 1214 Mutual Bldg.
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Bonds *Short Term Notes* *Acceptances*

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THE TEXAS BANKERS RECORD

OFFICIAL ORGAN

TEXAS BANKERS ASSOCIATION

A GENERAL REVIEW OF THE INDUSTRIAL DEVELOPMENT AND BANKING NEWS OF TEXAS.

PUBLISHED MONTHLY BY THE TEXAS BANKERS' ASSOCIATION, 1108 BUSCH BUILDING, DALLAS, TEXAS

Subscription Price, Per Year.....$2.00

WILLIAM A. PHILPOTT, JR., Editor

Entered as second-class matter July 27, 1915, at the post office at Dallas, Texas, under the Act of March 3, 1879.

ADVERTISING RATES ON APPLICATION

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Wm. A. PHILPOTT, Jr., Secretary, Dallas
JOHN Q. McADAMS, Treasurer, Winters

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M. C. DRISCOLL, Yoakum.....District No. 2
W. H. RIVERS, Jr., Elgin.....District No. 3
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HOWELL E. SMITH, Past President, McKinney, Member for One Year

Volume 7. August, 1918. Number 12.

Specialized Service to Banks

IN this Company are forty departments, covering the whole field of domestic and foreign banking and trust business.

The facilities of these various departments are brought to the service of banks and bankers through one department—the

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140 Broadway

New York : London : Paris

Capital and Surplus - - $50,000,000
Resources more than - $600,000,000

WORTHLESS STOCK SALESMEN.

From reports it seems that salesmen of stocks and bonds of unknown and doubtful value continue to prey upon the public. The government maintains a Capital Issues Committee in Washington, which committee passes upon all stocks and bonds offered for sale, approving the legitimate ones and refusing to approve the unknown and doubtful ones. J. A. Pondrom, South Texas Commercial Natl. Bank, of Houston, recently in writing to President Woodson on this matter expresses his opinion in no uncertain terms as the following quoted paragraph will display. The many who know Mr. Pondrom personally know that he means every word he says:

"I have no words at my command strong enough to express my contempt for the "sharpers" who go about the state preying upon the ignorant and unwary, selling them worthless stocks in corporations organized purely for stock-selling purposes; however, I have always been of the opinion that it is impossible to protect the public from the consequences of their own folly and indiscretion by process of law, without placing in the hands of some official or board discriminatory powers that are entirely repugnant to our form of government."

Bankers can help stop these bogus stock salesmen in the following ways:

(a) Decline to act as directors or to lend their names to doubtful enterprises—encourage all other reputable business men to take like stand.

(b) Accept service on the Vigilance Committee which will be established in your Federal Reserve District to keep a lookout for the formation of enterprises designed primarily to sell worthless securities and to discourage and hamper the development of such enterprises.

(c) Refrain from purchasing or lending against stocks and bonds issued since April 5, 1918, that do not have the approval of the Capital Issues Committee.

(d) Have printed and distributed to customers a warning against the purchase of securities of doubtful and unknown value, making a special appeal urging purchasers of Liberty Bonds not to trade them for questionable securities in the hope of getting big returns thereon.

(e) Give this subject publicity in all publications.

(f) Discuss it at all meetings and conventions of bankers and business people.

THE GOVERNMENT FLOODED WITH QUESTIONS.

Owing to the enormous increase of government war work, the governmental departments at Washington are being flooded with letters of inquiry on every conceivable subject concerning the war, and it has been found a physical impossibility for the clerks, though they number an army in themselves now, to give many of these letters prompt attention and reply. There is published daily at Washington, under authority of and by direction of the President, a government newspaper—The Official U. S. Bulletin. This newspaper prints every day all the more important rulings, decisions, regulations, proclamations, orders, etc., etc., as they are promulgated by the several departments, and the many special committees and agencies now in operation at the National Capital. This official journal is posted daily in every postoffice in the United States, more than 56,000 in number, and may be found on file at all libraries, boards of trade and chambers of commerce, the offices of mayors, governors, and other federal officials. By consulting these files most questions will be found readily answered; there will be little necessity for letter writing; the unnecessary congestion of the mails will be appreciably relieved; the rail-

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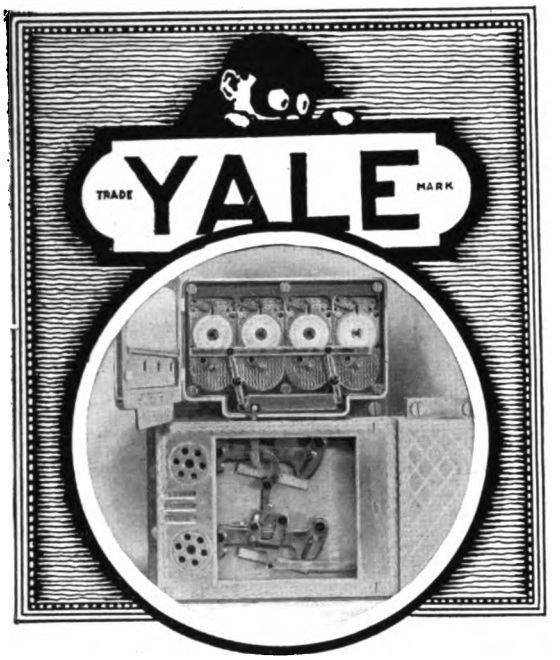

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The Yale & Towne Mfg. Co.
Bank Lock and Inspection Department
STAMFORD CONNECTICUT

roads will be called upon to move fewer correspondence sacks, and the mass of business that is piling up in the government departments, will be eased considerably. Hundreds of clerks, now answering correspondence, will be enabled to give their time to essentially important work, and a fundamentally patriotic service will have been performed by the public.

PLANS FOR THE A. B. A. CONVENTION.

The forty-fourth annual convention of the American Bankers Association will be held in the city of Chicago, the week beginning September 23. In keeping with the times, it will be a "War Convention." The sessions of the sections and the Association will be given up largely to discussion and addresses on the all-absorbing topics of the times.

It is a little early yet to announce the speakers for the General Convention, as the list embodies Cabinet officers, representatives of foreign governments, members of the United States Senate and heads of the important departments of the government. As the convention is still two months off at this writing, tentative promises only can be made; but the members of the Association who will attend this convention can be assured that the speakers from whom final acceptances will be received will be of a character to command the greatest attention.

The program for the week will be in accordance with former ones of national conventions:

Monday Morning, September 23—Committee meetings of the Association and sections.

Monday Afternoon, September 23—Annual meeting of the Executive Council.

Tuesday and Wednesday, September 24 and 25—General meetings of the six sections of the Association—Trust Company, Savings Bank, Clearing House, State Secretaries, National Bank and State Bank.

Thursday Morning, September 26—Opening of General Convention. Concert by one of Chicago's famous bands. Invocation. Addresses of welcome by a representative of the state of Illinois and bankers of Chicago. Annual address and response to addresses of welcome by President Hinsch. Annual reports of the Officers. Addresses.

Thursday Afternoon—Addresses. Following these sessions a meeting of the Committee on Nominations.

Friday, September 27—Opening with a brief concert. Addresses. Report of Committee on Nominations.

Friday Afternoon—Addresses. Installation of officers.

In war times it is not consistent to have elaborate entertainments. The bankers of Chicago, however, do not feel that it would be proper to eliminate entirely the entertainment features; but they will be to an extent arranged with a view of giving their guests some war atmosphere. It has been planned, if proper arrangements can be made, to have the guests make a visit to the Great Lakes Naval Station on Saturday morning, September 28. This is one of the greatest war bases in the country, and will be of unusual interest to those who have not visited any of the great camps. There will probably be a theatrical entertainment on Wednesday and Friday nights of convention week and a suitable entertainment for the ladies on one of the days of the convention at one of Chicago's famous country clubs.

As provided for under the constitution, the new council will meet on Saturday morning.

The Congress Hotel and Annex has been selected as

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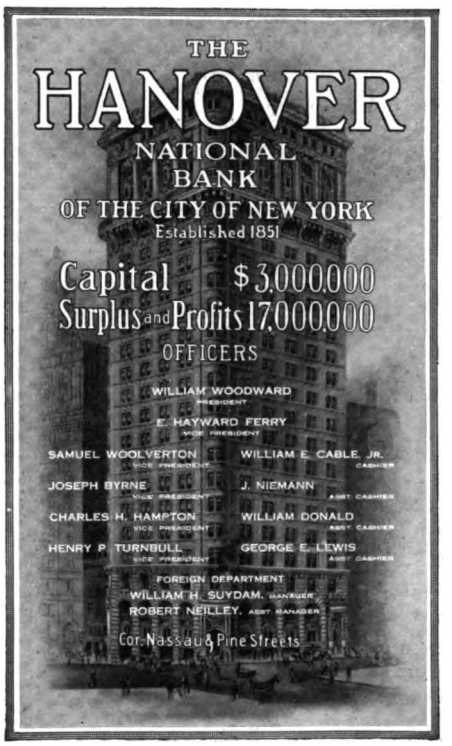

"THE NEW YORK CORRESPONDENT OF OVER 4000 OTHER BANKS

headquarters. It is particularly well adapted for headquarters purposes, having so many large rooms which can be used for the various section meetings and the committee meetings, and for the registration. All of the committee meetings and section meetings will be held at the Congress Hotel and the general sessions of the convention across the street at the Auditorium Theater.

For hotel reservations communicate at once with John R. Washburn, Chairman of the Hotel Committee, care Continental & Commercial National Bank, Chicago, Ill.

The Chicago bankers never do anything by halves; and all arrangements in their hands will be carried out in the best manner possible. It is predicted that the coming convention will be the largest and most important in the history of the Association.

Joint Meeting of Sections.

In accordance with instructions issued by the Administrative Committee at the Hot Springs meeting, the Section Secretaries have outlined and submitted to the Section Presidents for approval the following tentative program:

1—The Federal Reserve system from a general viewpoint.

2—Discussion of membership in the Federal Reserve system, from the viewpoint of a member, by a representative of a bank under state jurisdiction, that is, a member of the system.

3—Discussion of membership in the system from the viewpoint of an eligible non-member, by a representative of a bank under state jurisdiction, that is, an eligible non-member of the system.

4—Discussion of membership in the system, from the viewpoint of an ineligible non-member, by a representative of a bank under state jurisdiction, that is, an ineligible non-member of the system.

5—General discussion—open forum—free for all.

Practical men of wide experience will be selected as speakers for the main topics under consideration. All bank and trust company delegates are urged to plan to attend this meeting, as information of vital importance to every banker will be developed.

NEW MAN AT ARLINGTON.

Arlington.—Raymond P. Weatherford, from Tishomingo, Oklahoma, is the new assistant cashier of the First State Bank of this city. He succeeds Thomas Spruance, who has joined the colors. B. C. Bass is the bank's new bookkeeper. He comes from Paducah.

NEW PRESIDENT FOR CALDWELL BANK.

Caldwell.—Directors of the Caldwell National Bank have accepted the resignations of J. C. Womble and elected in his place W. H. Jenkins. C. C. Nelms continues as active vice-president and cashier of this institution.

W. C. MANLOVE & CO.

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WALTER ROBINSON ..... Assistant Cashier
H. R. COULTER ..... Assistant Cashie
P. S. TOMSON ..... Assistant Cashier
C. H. KELLY ..... Assistant Cashier

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JOHN T. YANTIS JOINS THE ARMY.

John T. Yantis, active vice president of the Brownwood National Bank heard his country's call so strong that he joined the U. S. Navy and is now located at Pier 19, North River, Philadelphia.

JOHN T. YANTIS

John, as he is familiarly known by hundreds of Texas bankers, has been a familiar figure at the Brownwood National Bank ever since he has been large enough to render any service whatever. His father, T. C. Yantis, president of the bank, trained John during summer vacations and between school periods in every branch of the bank's work. In his younger days of course this work was confined to stenographic activities. However, in September, 1910, John entered the bank as a regular employee in the collection department. The following year, and soon after he reached his majority he was elected assistant cashier. This was in April, 1911. On account of a threatened break down in the health of his father, president of the bank, young Yantis was elected in August, 1915, to the office of vice president, and since that time has been doing a greater part of the president's work. In September, 1917, the cashier of the Brownwood National Bank, who has been with the bank over twenty years was stricken with nervous palsy and was compelled to relinquish his work. This threw additional responsibility on the shoulders of the young active vice president.

John has been a familiar and popular personage at the district and state meetings of the Texas Bankers Association for a number of years. He has held the office of vice president and secretary of the 6th district several times, and always takes deep interest in associational affairs.

He was educated in Howard Payne College, Brownwood, Baylor University, Waco, and Yale University, New Haven. However, John's friends admit that by far the greatest accomplishment of his career thus far happened on June 16, 1914, when he journeyed to Bonham and married Mrs. Yantis. They have a little daughter, born Saturday, July 29th, 1918, while her father was away from home in the naval training school.

NATIONAL BANK OF COMMERCE IN NEW YORK

President
JAMES S. ALEXANDER

Vice-Presidents
R. G. HUTCHINS, Jr.
HERBERT P. HOWELL
J. HOWARD ARDREY
STEVENSON E. WARD
JOHN E. ROVENSKY
FARIS R. RUSSELL
GUY EMERSON
LOUIS A. KEIDEL

Cashier
RICHARD W. SAUNDERS

NATIONAL BANK OF COMMERCE · IN NEW YORK · 1839

Assistant Cashiers
A. J. OXENHAM
WILLIAM M. St. JOHN
A. F. MAXWELL
JOHN J. KEENAN
GASTON L. GHEGAN
A. F. BRODERICK
EVERETT E. RISLEY
H. P. BARRAND
H. W. SCHRADER
R. E. STACK
L. P. CHRISTENSON
E. A. SCHROEDER

Manager Foreign Department
FRANZ MEYER

CAPITAL, SURPLUS AND UNDIVIDED PROFITS
OVER $45,000,000

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BUCHANAN GOES TO WICHITA FALLS.

His many friends throughout the state will be pleased to learn that L. R. Buchanan, formerly state and national bank examiner, resigned July 20th to accept cashiership of

L. R. BUCHANAN

the First National Bank of Wichita Falls. C. E. McCutchen, cashier of the above bank was elevated to the active vice presidency, and is now succeeded by Mr. Buchanan. Mr. Buchanan went with the department of Insurance and Banking of Texas as clerk in August, 1909. In January, 1910 he was appointed bank examiner by Commissioner T. B. Love. He served on the state field force under former commissioners Love, Hawkins, Von Rosenberg, Gill, Collier and Patterson. In March, 1916 he was appointed National Bank examiner, and assigned to the Kansas City district with his work particularly in Nebraska. In September of last year Mr. Buchanan was transferred to Texas and was examining national banks in the Wichita Falls district.

C. E. McCutchen, also formerly state bank examiner, was elevated to vice-president at the same time Mr. Buchanan was elected cashier. Mr. McCutchen has been with the bank four years, and his elevation is purely a reward of meritorious service. He entered the employ of the bank about four years ago as assistant cashier. He has many friends in Texas who are watching his career, and will be pleased to learn of his recent promotion.

The officers of this bank now are: R. E. Huff, president; W. M. McGregor and C. E. McCutchen, vice presidents; and L. R. Buchanan, cashier.

Attention Cashiers!

HAVE you reckoned on the value of a Boys' and Girls' Hog Club to your community and to your bank from an advertising standpoint?

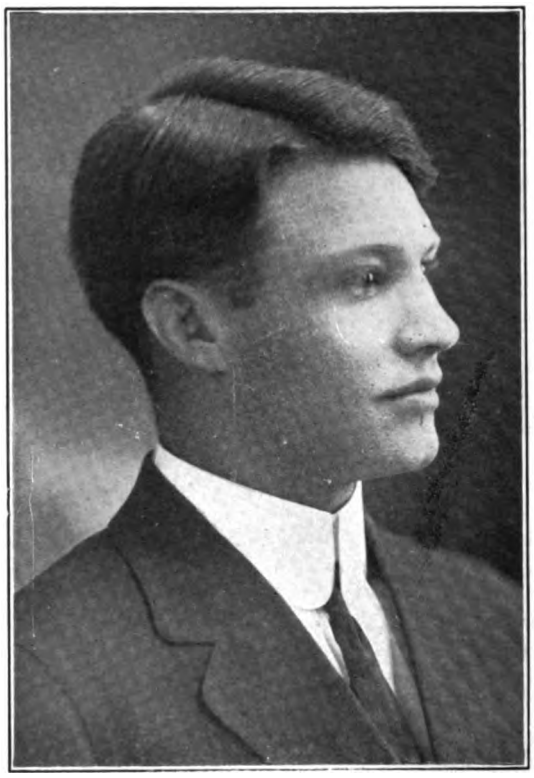
Your work may be pleasantly increased but your advertising expense need not be made any larger. TRY IT.

Within two months, the Continental State Bank Hog Club of Van Alstyne, Texas, will have a number of thoroughbred, strictly big type Poland-China pigs for sale. These pigs are out of a select bunch of Iowa sows brought to Texas this past Spring by the Continental State Bank for it's hog club members. The sows were all bred to some of the best males in Iowa which insures a high class lot of pigs.

These pigs will be double treated to prevent cholera. Registration papers will be furnished with each pig.

If you are at all interested in a Hog Club, get in touch with Ed P. Williams, Cashier, Continental State Bank, Van Alstyne, who is handling this matter for the club members.

Texas Needs More Pork



C. E. McCUTCHEN

CANYON BANKER HAS RESIGNED.

Canyon.—W. D. Morrell, president of the First State Bank of Canyon, has sold his interest and resigned his position in this institution. Mr. Morrell will make his headquarters in Dallas for a while. He has many friends in the Panhandle section of the state, who will be interested in his new business connections.

Mr. Chas. F. Herb, formerly Vice President of the Mississippi Valley Trust Company of St. Louis, assumed his new position as Vice President and Director of the Hibernia Bank & Trust Company of New Orleans, on Monday, August 5, 1918.

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TENISON NATIONAL BANK
DALLAS, TEXAS
Capital . . $500,000.00
Surplus . . $100,000.00
Banking Accounts Solicited on the Most Favorable Terms
Officers
E. O. TENISON, - - - - President
W. D. FELDER, - - - Vice-President
H. S. KEATING, - - - Vice-President
J. C. TENISON, - - - Vice-President
J. D. GILLESPIE, - - - - Cashier
E. H. TENISON, - - Assistant Cashier
E. L. SNODGRASS, - Assistant Cashier
Directors
M. L. BUCKNER, Secretary and Treasurer Union Terminal Co.
EARL FAIN, Sec'y and Treas. Shippers Compress & Warehouse Co.
W. D. FELDER, W. D. Felder & Co., Cotton
J. D. GILLESPIE, Cashier
H. S. KEATING, Capitalist
B. R. NEAL, Manager Stanard-Tilton Milling Co.
E. H. TENISON, Assistant Cashier
E. O. TENISON, President
J. C. TENISON, Vice-President
W. A. WEBB, Chief Operating Officer M. K. & T. Lines

CITY STATE BANKERS WANT AMENDMENT.

Marcus Bright, cashier of the Fort Worth State Bank has sent out a circular letter under date of August 10th, calling attention to a needed amendment to the Federal Reserve Act allowing city state banks of less than $200,000 capital to enter the reserve system. The circular recites the fact that there are city state banks to the number of 400 with a capital of $100,000, which it is believed would join the system immediately if it were not necessary for them to increase their capital stock to $200,000.

The letter in full follows:

"N. U. Carpenter, President of the Citizens Bank in Portland, Oregon, the writer and a number of other State city bankers in the United States, for the past year have been endeavoring to have the Federal Reserve Board in Washington recommend to Congress certain legislation that would permit city state banks, such as yours and ours, to enter the Federal Reserve System, if they desire to do so, without having to increase their capital to $200,000.00. At one time we felt that this amendment would be recommended; we had the support of some influential members of both the House and Senate, however, war measures naturally came first and crowded us out.

"There are located in the United States about 400 city banks with a capital of $100,000. Your bank is one of them and we think that it is unfair that a good bank like yours and ours, that were in business prior to the passage of the Federal Reserve Act, should be unable to enter the Federal Reserve System unless they increase their capital to $200,000.00, and I think it was merely an oversight when the law was framed. To increase your capital another $100,000 would just double your taxes and be an unreasonable request until your business justified it. You would be surprised how few bankers know that this discrimination exists and nearly all of the large national banks are willing to assist in having this matter corrected.

"There are several bills before Congress, which, if passed as they are now drafted, would affect your bank. One, the guaranty of national bank deposits up to $5,000; another, the branch bank bill for national banks in cities. Should either one of the above mentioned bills pass it would not cover your bank even if you should later join the Federal Reserve System. We are in no way opposed to the Federal Reserve System; we think it a splendid system with a few changes, and it is our wish to cooperate and assist in every way and we are doing so. We have done everything the national banks here have done in all Liberty Bond campaigns, War Savings, Treasury Certificates, etc.; and we are going to continue to do so, yet we are denied all the privileges of the Federal Reserve Bank, which works a hardship at times.

"It is now suggested that we organize and appoint a number of state city bankers, who would be interested in this mtater to look after our interest.

"You are requested to send to the American Bankers' Association Convention in Chicago, either the President or the Cashier of your bank. The convention opens on

Dependable service under all conditions has been offered by this Bank through the 108 years of its history.
The Mechanics and Metals National Bank
OF THE CITY OF NEW YORK
ESTABLISHED 1810
Deposits, - - - - (June 29, 1918) - - - - $191,000,000

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IF you have no correspondent in Dallas, or if you have one and contemplate a change, we will welcome the opportunity of proving to you the benefits which will accrue from forming a connection with us.

Officers and Directors

GEORGE W. RIDDLE, ... President
W. F. SKILLMAN, ... Active Vice President
A. RAGLAND, ... Vice President
CULLEN F. THOMAS, ... Vice President
H. D. ARDREY, ... Cashier
A. H. ESTES, ... Assistant Cashier
W. H. LEFTWICH, ... Assistant Cashier
O. CURRIN, ... Assistant Cashier
R. T. HARRIS, ... Assistant Cashier
S. H. BOREN, ... Investments
JOS. E. COCKRELL, ... Cockrell, Gray & McBride
W. A. GREEN, ... W. A. Green Company
GEO. W. LOUDERMILK, ... Undertaker
L. L. JESTER, ... Investments
EVERETT S. OWENS, ... Lumber
DR. JNO. S. TURNER, Med. Dir. Southland Life Ins. Co

First State Bank

Guaranty Fund Bank—Member Federal Reserve Bank

Monday, the 23rd of September. We want your representative to meet us on Sunday morning, Sept. 22nd, which is one day before the convention opens. Mr. Carpenter and myself and others will be at the Auditorium Annex Hotel and our doors will be open at 8 a. m. and we want your representative to register and we will go into session at 2 o'clock in the afternoon.

"Please do not fail us, this matter is of grave importance to your bank. If we do not look after our own interests no one else will.

"Please write me the name of the officer that will represent your bank. Do not fail to send some one.

AUSTIN BANKER RESIGNS.

Austin.—Directors of the State National Bank of Austin announce that they reluctantly accepted the resignation of S. J. Von Koenneritz, who has been assistant cashier of this institution for a number of years. The resignation took effect July first. In their announcement, the officers stress the fact that Mr. Von Koenneritz rendered most faithful and efficient service, and that he leaves their employ voluntarily and with the good will and best wishes of all officers and directors.

Mr. Von Koenneritz has not made any definite plans for the future, but expects to spend some time in taking a good rest. Mr. Von Koenneritz has several propositions before him, but he expects to do his bit to his government by tendering his services as a certified public accountant. He has made a study of forged instruments and documents for several years, and has also had considerable experience as corporation auditor, etc.

Mr. Von Koenneritz is a native of New Orleans, his father coming over in '47 with Carl Schurz to escape Prussian militarism. The strong American spirit of his parents is displayed in the fact that in naming their young son they named him "Stonewall Jackson."

Mr. Von Koenneritz received a number of letters from banking friends in all parts of the country who have been associated with him during his long service with the State National. In fact, a number of prominent bankers on hearing of Mr. Von Koenneritz' resignation expressed surprise, stating they had always thought of him as a considerable main-spring in the institution, and wished for him the best of everything in his new connections.

CHANGE IN PADUCAH BANK.

Paducah.—C. P. Bowman, who has been cashier of the First National Bank for several years, was recently made active vice-president. He is succeeded as cashier by F. P. Wood, who has been assistant cashier of this institution for several months.

The State National Bank

CAPITAL $500,000.00 OF SAN ANTONIO, TEXAS Organized October 23, 1915

Will be very glad to negotiate with such firms, corporations and banks as may contemplate the establishment of or a change in their San Antonio connections.

SATISFACTORY SERVICE ASSURED

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For 37 Years

the Metropolitan Trust Company has been conducting a high-grade banking and trust company business in the very heart of America's financial district. Its present offices at 60 Wall Street are equipped with every modern facility for handling banking matters with the greatest accuracy and dispatch. We offer a special service complete in every detail to correspondent banks. A handsome illustrated booklet showing views in our banking offices and photos and descriptions of some of the time saving machines we are operating will be sent upon request. Write for it today.

Capital $2,000,000 *Surplus $4,000,000*

Metropolitan Trust Company
of the City of New York

60 Wall St. **716 Fifth Ave.**

Member of Federal Reserve System

CHANGE IN MATADOR BANK.

Matador.—John Burleson has resigned as cashier of the First State Bank. Assistant cashier Bourland succeeds Mr. Burleson as cashier. Mr. Bourland has many friends in this part of the country, who will be glad to learn of his advancement.

BANK CHANGE AT CLIFTON.

Clifton.—Oscar A. Bronstad has resigned as cashier of the First Guaranty State Bank, the change being effective August 1st. Mr. Bronstad has accepted a position as cashier of the Coleman National Bank. He has already undertaken his new duties. Mr. Bronstad has been with the Clifton bank during the past fourteen years, and because of his faithful service and genial nature, has many friends in the Clifton community, who regret to see him leave, but at the same time rejoice at the news of his promotion.

Elmer L. Boston, until recently with the Santa Fe Ry. Co. as accountant, has been appointed assistant cashier of the First Guaranty State Bank, entering upon his duties August 1st.

CHANGE IN BALLINGER BANK.

Ballinger.—C. A. Dose has resigned as vice-president of the Ballinger State Bank & Trust Co. Fred Williams becomes the new president of the bank, succeeding C. S. Miller. Mr. Williams' new title is active vice-president and cashier. R. J. Wheeler succeeds C. A. Orbeck as assistant cashier. Mr. Orbeck is a well known young banker of this district, and is now in the service of his country.

CASHIER TAKES ACTIVE MANAGEMENT OF BANK.

Robert Lee.—Bernard E. Hamilton, who has been cashier of the First National Bank of this place for two years, is now active vice-president and manager. W. J. Adams, president, has resigned the active management of this institution.

BRYAN BANK CHANGES.

Bryan.—Directors of the City National Bank recently have chosen E. W. Crenshaw as active vice-president, W. H. Cole cashier and G. H. Beard and Miss Ester Cavitt, bookkeepers. Albert W. Wilkerson recently resigned the cashiership of this bank to become cashier of the Alamo National Bank of San Antonio.

DAWSON MAN GOES TO PURDON.

Dawson.—Younger Cannon has accepted a position with the First National Bank of Purdon, and has already undertaken his new duties. Wilmer Dawson is now with the First State Bank of Dawson.

BALLINGER BANKER GOES TO SAN ANTONIO.

Ballinger.—A. C. Homann, cashier of the F. & M. State Bank of this city recently resigned and has moved to San Antonio, where he will be engaged with the Liberty Flour Mills. Mr. Homann was formerly state bank examiner and has many friends in all sections of the state. J. L. Chastain, assistant cashier of the F. & M. State Bank, has been elected to succeed Mr. Homann.

Elements of Convenience in "A.B.A." Cheques

SECOND:

Their International Character.

The purchaser of "A.B.A." Cheques can use them to pay for goods and service in Shanghai, Tokyo or any other city of our Allies, as well as in New York, San Francisco or any other American city. These cheques are like dollars in the United States and Canada, pounds and shillings in the United Kingdom and the British Colonies, francs in France, lire in Italy, and so on.

Bankers should inform purchasers of the changes in foreign values due to the foreign exchange situation. The revised values, printed on a slip furnished to bankers, are in some cases more advantageous to purchasers of "A.B.A." Cheques than the values engraved on the cheques, for example, where the exchange is in favor of America, as in France and Great Britain.

BANKERS TRUST COMPANY
NEW YORK CITY
Member Federal Reserve System
Agent for issuance of
AMERICAN BANKERS ASSOCIATION TRAVELERS' CHEQUES

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KELLEY GRAHAM

Readers of the RECORD are favored with a likeness as printed above of Kelley Graham, the most affable and genial assistant cashier of the Irving National Bank, New York. Mr. Graham has been a familiar figure at the Texas district and state conventions for several years, and has made many friends for himself and his institution. Last May he had the distinction of piloting Lewis E. Pierson, Chairman of the Board of the Irving National, around for the different high points in the Galveston meeting. Mr. Pierson announces that he expects to come back to Texas every chance he gets. This may mean that Texas and Texans favorably impressed Mr. Pierson. We are inclined to believe that the manner in which "Kelley" conducted the tour had something to do with the impressions made.

The live stock industry is a war industry of first importance.

The Live Stock Exchange National Bank
of CHICAGO
AND
The Chicago Cattle Loan Company

lends its entire support to the Live Stock Industry

YOUR PATRONAGE WILL ASSIST IN THIS GREAT WORK

NEW ASSISTANT CASHIER AT YOAKUM.

Yoakum.—The directors of the Yoakum State Bank recently elected B. H. Treybig assistant cashier. The promotion is purely a recognition of merit and faithful service, as Mr. Treybig has been with the institution for a number of years. M. C. Driscoll is cashier of this flourishing bank.

NEW BANK AT STRATFORD TO OPEN.

Stratford.—The Sherman County National Bank at Stratford is to open for business on August 15th. Arthur Ross is cashier of this institution. Collins of Denison has already shipped a handsome and modern set of bank fixtures and an Ely-Norris Manganese safe. The bank has a capital stock of $50,000.

NEW BANK AT BRECKENRIDGE.

Breckenridge.—A charter has been granted to the Guaranty State Bank of Breckenridge, which institution has a capital stock of $50,000. It will very shortly open for business, according to announcement of its officers.

SAN JUAN WANTS A NEW BANK.

San Juan.—Application has been made for a charter for the First National Bank of San Juan. The proposed institution will have $25,000 capitalization.

CONSOLIDATION AT CANYON.

Canyon.—The Citizens Bank and its entire affairs have been taken over by the First State Bank of Canyon, according to recent announcement of the directors of the last named institution.

ANGLETON BANK INCREASES CAPITAL STOCK.

Angleton.—It is announced that recently the Angleton State Bank increased its capital stock from $25,000 to $32,000 by a unanimous vote of the directors.

WICHITA FALLS BANK INCREASES ITS CAPITAL.

Wichita Falls.—The Comptroller of the Currency recently announced the granting of an application by the National Bank of Commerce of Wichita Falls to increase its capital stock from $100,000 to $200,000. The greatly increased volume of business of this bank made this increase necessary as announced by C. W. Reid, president.

CALDWELL BANK INCREASES CAPITAL.

Caldwell.—The First State Bank of this city has applied for amendment to its charter, increasing its capital stock from $50,000 to $100,000, and increasing the surplus from $10,000 to $20,000. A vote to increase these figures was made at a recent meeting of the stockholders. At that time a very promising report of the banks business for the last year was heard from the officers.

POSTMASTERS AND INTEREST COUPONS.

Several member banks have inquired as to whether it is mandatory upon postmasters of the country to cash interest coupons clipped from Liberty Bonds. It seems

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several banks have offered a bunch of coupons for redemption and the postmasters have refused to handle them.

An inquiry was adressed to Hon. R. C. Leffingwell, Assistant Secretary of the Treasury, and the following reply has been received:

"By direction of the Secretary and in reply to your letter of the 28th instant, you are advised that the Post Office Department regulations authorize postmasters to cash interest coupons and checks for patrons of their respective offices. Such regulations contemplate such accommodation being extended only to individuals and do not contemplate, nor do they authorize the acceptance of coupons cashed by banks. Banks have facilities for clearing coupons and checks through usual banking channels, to a Federal Reserve Bank or to the Treasurer of the United States."

PRESIDENT HINSCH ON TEXAS.

Although visiting a small portion of the great state of Texas, Chas. A. Hinsch, president of the American Bankers Association, was recently so deeply impressed that he has written considerable appreciation of our great state. Mr. Hinsch addressed the Galveston Convention of the Texas Bankers Association, and in a letter to Secretary Philpott of the Association says the following:

"I have not had an opportunity prior to this time to properly convey to you how much I enjoyed my visit to Texas. I had never visited your state before and thought I had some idea of its size but I realize now that I did not have a full sense of realization of the tremendous empire covered by the Lone Star State. I had pictured Texas as an immense prairie devoid of hills, valleys and trees. To my great surprise, I found just the contrary.

"I was especially delighted to notice in the territory through which I passed, the splendid condition of the crops, the substantial homes and the general prosperity of your people.

"I was deeply impressed with the proceedings of your bankers' convention and listened with great interest to the many excellent addresses submitted, which evidences the fact that the Texas banker is alive to present day conditions and is fully capable of solving your financial problems.

"The city of Galveston is a wonder; it is a marvel to me that the spirit of her people is still unbroken in spite of the several calamities that she has had to meet. The rebuilding of the Causeway is an evidence of the indomitable spirit of her people. I was deeply impressed with her splendid harbor, magnificent beach, and if I am correctly informed, Galveston is the second port of export in the United States.

"I was greatly pleased with Houston and the bankers that I met from that city. With its wonderful ship channel and ship-building yards, it bids fair to be one of the most important cities in our country, and I am told that Houston handles a large quantity of cotton, rice, lumber and oil. From my viewpoint, Houston has a great future and under the guidance of her progressive bankers and business men, I feel confident that the future of the city is assured.

"The next city that I visited was Dallas, the largest

John K. Breeden & Company

PUBLIC ACCOUNTANTS AND AUDITORS

AUDITS
SYSTEMS

716-717 Union National Bank Building HOUSTON, TEXAS

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city in Texas, so I am advised. I was greatly pleased by the progressive spirit in evidence on every hand, the beautiful homes, and the skyscrapers under construction. I visited the Federal Reserve Bank and renewed my acquaintance with Governor Van Zandt, Judge Ramsey, chairman of the board, and other leading Dallas bankers.

"From Dallas, I went by interurban to Fort Worth. I do not believe that I have ever ridden on a better equipped electric line. I made the trip from Dallas to Fort Worth in a little over an hour over a well ballasted track. Fort Worth, I am told, is the railroad center of Texas; the second grain market in the southwest, the second largest horse and mule market in the world, and ranks third as the cattle market in the United States. It is not surprising that the government selected Fort Worth as the city for the greatest training camp in the state of Texas. It was my great pleasure during my stay in Fort Worth to meet the bankers and leading business men of that progressive city. Under the leadership of such men there can be little doubt as to the future of Fort Worth.

"Wichita Falls, where the government has erected one of its flying camps, is a progressive city. This city is the home of some of the most progressive business men and bankers in Texas. It has great possibilities due to the fact that it is located in the oil and gas field belt.

"I can only say in conclusion that I feel amply repaid for the effort I made to visit Texas and realize fully that it is one of the most important agricultural, industrial aud commercial states in the Union."

DeWITT COUNTY BANKERS ORGANIZE.

Cuero.—At a recent meeting of the bankers of DeWitt County, the DeWitt County Bankers Association was organized. There were represented at this meeting three Yoakum banks, three Cuero banks, two Yorktown banks and Nordheim and Westhoff bank. Primarily the purpose of the organization is to get bankers in closer co-operation in war work. The officers are: E. A. Palmer of Yoakum, president; Walter Reiffert of Cuero, vice-president; L. A. Walker of Westhoff, second vice-president; and F. W. Jaeggli of Cuero, secretary and treasurer.

VEGA BANK WOMAN MARRIES.

Vega.—Miss Flossie Whitten, bookkeeper of the First State Bank was recently married to Cecil Ingram, who was at that time stationed at Camp Bowie, and who is now on his way "over there." Mrs. Ingram will continue at her desk in the First State Bank.

YOUNG BANKER JOINS THE SERVICE.

Bryan.—Travis B. Bryan of the First National Bank has been granted leave of absence for the period of the war, beginning August 1st, and has already entered the service. Young Bryan is a nephew of Guy M. Bryan, Jr., a well known banker and capitalist at Houston.

A. I. B. MEETING IN DENVER.

Plans for the annual convention of the American Institute of Banking, to be held at Denver on September 17th, 18th and 19th, are taking final shape. The program of the convention is being completed by President R. S. Hecht, who is securing for his list of speakers bankers from various parts of the United States, who have es tablished themselves as leaders in the banking field.

BANKING IS AN ESSENTIAL INDUSTRY.

Provost Marshal General Crowder has ruled that bank clerks are not to be placed in the non-essential class, but that those subject to the draft may remain in their present classifications until they are regularly called by the various local boards for military service. The matter was taken up and pressed to a decision by President Hinsch, of the American Bankers Assn., who took action as the result of a rumor that bank employees were to be classed with those engaged in non-essential employment under the "Work or Fight" rule. General Crowder wrote: "The recent so-called "Work or Fight" regulation does not affect registrants who are officials of banking institutions or clerks employed in banks. In other words, under the present selective service regulations, bank officials and bank clerks may remain in such employment until they are regularly called by their various local boards for military service."

WIFE OF H. A. WROE IS DEAD.

The friends of H. A. Wroe, vice president of the American National Bank of Austin, were saddened recently at the announcement of the death of Mrs. Wroe at her home in Austin on July 10th. Mrs. Wroe was a niece of Maj. Geo. W. Littlefield of Austin. She was widely known in the Austin community and was a willing worker in all public spirited matters.

WAR SAVINGS STAMP CASE.

Whitehead & Hoag are issuing bank thrift stamp carriers, consisting of celluloid cover, containing unadhesive wax paper leaves. These cases are being made for banks with the bank's advertising wording or trade marks or designs in one or more colors. Samples may be had for the asking from F. McQueen, 1005½ Main Street, Dallas. It is stated that this is a good way for banks to stimulate the buying of war savings stamps, and at the same time advertise their institution. Louis Lipsitz, State Chairman, has heartily approved the stamp case idea and recommends it to all banks' attention.

J. A. LEWIS' SON IN SERVICE.

Wilson Lewis, nineteen-year-old son of J. A. Lewis, the genial and popular Vice President and Cashier of the National Bank of Commerce in Saint Louis, has been admitted to the Officers Training Camp at Fort Sheridan. Young Lewis is a fine specimen of manhood, and Uncle Sam is to be congratulated upon adding him to the force of men than are to make the world safe for democracy—and babies.

The Texas friends of John Clausen, vice president of the Crocker National Bank of San Francisco will be pleased to know that he is back at his desk after more than three months absence because of sickness. He missed the Galveston meeting of the Texas Bankers Association because of his sickness—the first one he had missed in years.

BANK CASHIER ENTERS ARMY.

Uvalde.—Harper W. Little has resigned as cashier of the First State Bank, effective August 1st, and has already entered the training camps at San Antonio. He is succeeded by Geo. E. Brashear, who has for many years been associated with the Commercial National Bank of this city.

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JOHN HIBUCK SENSES A LACK OF JUDGMENT

Sumtown, North Texas,
Time. Just About Now.
Mr. Jim Hibuck,
Jack Creek, Tenn.

Dear Dad:—I was glad to get your letter but was sorry to hear your rumatiz is botherin you again. That is a terrible disease and seems to be no respecter of persons. We have a doctor here that's got it real bad. He says sympathizin' friends had told him of more sure cures for rumatiz since he has been afflicted than he ever read about in all the doctor books. One good old lady told him to carry a Irish potater in his pocket till it dried up and his disease would vanish with the decadence of the potater. But, dad, it looks like sience is knockin all the pleasure out of bein sick. Now that medicus doctus can't git no pleasure out of wearing a potater for a watch fob whereas the good old fashioned and untutored lady could carry it in her pocket with her snuff box and git a power of satisfaction out of it; and prohibition and the Pure-Food-and-Drug-Act has nocked nearly all the joy out of the old bottle of bitters settin on the mantel.

But Pap Dugan says it is all for the best—that the race has progressed only by smashin' idols. But even Pap Dugan is a little skeptical about some things and is worryin' about the legs of future generations. He says that things grow and develop by use; and decay by disuse, and he says the way folks is ridin' in automobiles and refusin to walk is goin' to be a great blow to beautiful legs, and when air ships come into general use it is goin' to be worse. He says he looks for the legs of the race to get gradually shorter and shabbier until they finally atrophy. I asked him what that meant and he said it meant they would just naturally peter out till folks would only have some little old stubs hitched on to the lower end of their bodies that would only do to hobble round the house on. Then, says he, where will be your fine up-standing young man and your tall, lithe, and lisssome lassies goin' up and down the land finished off in ornate hosiery and cheering both young and old and making life one glad sweet song? Here I laughed a little and Pap said "you needn't laugh, young man, stranger things have come to pass; whole races of both animals and vegetables have vanished from the earth because they didn't suit their habitat or their habitat didn't suit them." Pap is a curious old guy. Lots of time I can't tell what he is drivin' at.

The other day I was down at his store and he was talking about folks and other animals and he said that lots of good and smart folks don't use as much judgment as a ant or a honey bee. Who ever heard of a ant just givin' away his supply of winter grub which he has worked hard all summer storin' up? They don't do it but he has heard of lots of good men workin' hard for years, and their wives and children workin' hard and doin' without things that they needed in order to git some money ahead and get a start in the world, and then long comes some feller that they never saw before and tells them about some get-rich-quick thing that they never heard of before and don't know where it is nor whether it is there or not, and they give that wordy stranger their good money for some little pieces of paper called stock. What do you think of that? Yes, sir, Pap says that lots of folks will do that very thing without any body makin' 'em do it. But he says if folks would put their money in War Savings Stamps they would save their country and save themselves and save their money, too. And then some bright day we will hear that we have got the Germans licked clear off the map and peace will be declared and the boys will come marchin' home, and there will be great joy in the land, and then every one that has bought Stamps will feel mighty good for he can say I helped some.

Love to Ma and all the folks,

Your noble son,
JOHN HIBUCK.

DEPOSITS WILL DETERMINE QUOTA.

J. W. Hoopes, deputy Governor of the Federal Reserve Bank, announces in making the quotas for the different counties, cities and towns, the individual bank deposits will be used as a basis. The past three Liberty Loan quotas have been determined by taking the total resource figures. Mr. Hoopes, and other officers of the Federal Reserve Bank, believe that determining the quota upon deposits of the last call will distribute more equitably the matter of carrying the bonds, as some sections of our state have suffered greatly because of the drouth. Mr. Hoopes also announces that a great number of bankers have appeared before him requesting the lowest possible quotas because of unfavorable conditions in their several sections.

"A rose by any other name"—G. A. Rives is one of those rare bankers who tries to mix a little humor along with the every day sordidness of life. He always sees the funny side and is known among his fellows as a general and a wit. Mr. Rives sends in the following: "A negro customer of our bank came in the other day and desiring to draw his small balance informed the paying teller that he 'would like to get muh remains,' which is pretty good for the darkey."

WATCH OUT FOR THIS BLIND MAN.

Members of the Association are again warned to guard against the operations of a blind man who gives his name as A. Thweatt. He gives checks on the Farmers National Bank of Grapevine, and has no account with this institution. He has been operating in Oklahoma and Northern Texas for the last year. This is the third warning that has been published, calling attention to his operations. Kindly be on your guard.

REWARD OF ENTERPRISE.

A Chicago banker was stalled with his automobile in a mudhole last month near Hammond, Indiana.

A boy appeared with a team.

"Want me to haul you out, Mister?"

"How much do you want?"

"Three dollars."

The work done and the money paid, the banker asked:

"Do you pull many cars here?"

"About twelve a day on the average."

"Do you work nights, too?"

"Yes, I haul water for the mudhole."

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FEDERAL RESERVE BANK TO ERECT HOME.

Announcement was recently made that the Federal Reserve Bank of Dallas will very shortly erect a new and very much more commodious building than it now occupies. The new structure will stand at Wood and Akard streets and will be several stories high. The Federal Reserve Board at Washington has already approved the proposal.

The erection of the new building was made necessary because of the great growth of the bank's business in its different departments during the last two years. The bank and its several departments are scattered in five different sections of the city. It is proposed in the new building to have ample room to house all the bank's different departments. The building committee with authority to supervise the structure of the new bank consists of John T. Scott of Houston, R. L. Van Zandt, Governor of the Federal Reserve Bank and Judge Ramsey, Federal Reserve Agent.

NEW BANK BUILDING FOR CISCO.

Cisco.—A contract was let by the Cisco Banking Company of this city for the erection of a four-story bank and office building. The stone building occupied by the bank now will be torn down and moved away. This new structure will be modern in every respect. The second floor has been leased to the Texas Oil Company, which has established state offices here.

The Irving National Bank has been awarded first prize by the Associated Advertising Clubs of the World in their convention at San Francisco for the years best advertising and publicity display and also for the best single piece of copy in the entire exhibit.

In awarding the prize, the judges said, "We want to say that this award was made to the Irving by reason of the magnificent completeness of its display. Too much praise cannot be given to Irving for the thoroughness with which they have taken up and carried out their departments of advertising, and also the committee wants to compliment the Irving upon the exceptional way in which its advertising was displayed."

The judges also recommended that in the future, American banks follow the Irving style of arranging exhibits.

The exhibit as a whole was turned over to the American Institute of Banking at San Francisco for display in their rooms.

BOWIE BANKER WEDS.

Bowie.—John D. Hunt, president of the National Bank of Bowie, and Miss Anna Mae Wallis of Sweetwater were married recently in Fort Worth. After an extended trip in Colorado, Mr. and Mrs. Hunt will be at home in Bowie.

NEW BANK FOR EASTLAND.

Eastland.—The Guaranty State Bank of Eastland has been chartered and the officers announce it will be open for business as soon as furnishings and fixtures can be installed. It is announced that oil developments in the Eastland territory have made this new bank necessary. Cleaves Rhea, president of the First National Bank of Whitney, is president of the new institution. T. W. Duncan and D. A. Rhea are vice-presidents. R. R. Lowdon has been chosen cashier. Numbered among the stockholders are very prominent oil operators in the Ranger district.

The B/L
Collection Bank
of Chicago

UNION TRUST COMPANY CHICAGO
A BANK OF STRENGTH AND CHARACTER

We have a special proposition for any bank or corporation handling bill of lading drafts on Chicago and Eastern points.

Union Trust Company
CHICAGO

Strictly a Commercial Bank
Member of the Federal Reserve System
Established 1869

CHANGES IN WINNSBORO BANK.

Winnsboro.—B. A. Dogden has entered the service of the M. & P. State Bank of this city, the business of this institution having increased until the services of an additional man are needed. The bank has just contracted with Mailander of Waco for a new set of fixtures which will be installed by September 1st. The M. & P. State Bank paid their stockholders a semi-annual dividend on July 1st of 6%, passed $9,000 to surplus account which now makes the surplus equal to the capital, $30,000. This bank is only 9 years old and its prosperity has reflected much credit on the management.

WIRE YOUR NATIONAL LAW-MAKERS.

It is reported that the War Industries Board in Washington has under consideration the fixing of the price of cotton seed at $50 a ton. It is also reported that great pressure for this figure is being brought to bear by the cotton seed crushers of the South. Last year the price was fixed at $75 a ton, and this proposed reduction would be disastrous to Texas as well as other Southern States, particularly in the face of a very short crop and the general increase in the cost of production.

Naturally the bankers of Texas are anxious that the producer receive every possible dollar for his products this fall, and so it is urged that you wire IMMEDIATELY both Texas Senators and your particular congressman, insisting that they investigate and soundly oppose any such reduction in the price of cotton seed by the War Industries Board. WIRE TODAY. The matter is now being considered and it is important that we act promptly.

WANTED—Active management of country bank in prosperous community. Have had number of years actual banking experience as cashier of a West Texas bank, but for good reasons desire to change. Will be in position to invest a considerable amount. Address Box D. E. F., Texas Bankers Record, Dallas.

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